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Daily Report

Latin America

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Latin America

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Reportage on Central American Summit in Honduras

Snipers Wound 4 Outside Summit

PA1312202595 Panama City ACAN in Spanish 1926 GMT 13 Dec 95

[FBIS Translated Text] San Pedro Sula, 13 Dec (ACAN-EFE) — Snipers wounded at least four people who were attending a mass demonstration. The snipers were near the seat of the 17th Central American Summit, which began today in San Pedro Sula in the northern region.

The authorities have not yet confirmed any arrests related to the incident which is the first of its kind to occur during a Central American presidential meeting, which began being held in 1986 in a climate of regional warfare.

The wounded, including one woman, began to fall as victims of bullets fired from an unknown place, while inside the Arab-Honduran Cultural Center, the presidents were beginning their deliberations, apparently without any difficulty.

Leaders of the People's Movement for Justice [Movimiento Popular por la Justicia] placed the blame on soldiers who were guarding the summit location. They moved out shortly before the shooting began.

Colonel Roberto Martinez Amador, chief of the military detachment, rejected the accusation. When asked if the soldiers were responsible for the shooting, he replied that an action of this kind "is not contemplated, except as a last resort."

According to preliminary reports, the bullets hit non-vital parts of the victims, most of them peasants from the Guaymas and Tacamiche region in northern Honduras, where agrarian conflicts are rife. Some of the bullets hit peasants who were a few meters away from local and foreign reporters covering the presidential meeting.

[Editorial note: Panama City ACAN in Spanish carries at 1950 GMT on 13 December carries a 400-word report on the attack, raising the number of wounded to six. The report adds: "Colonel Wilfredo Urtecho, San Pedro Sula police chief, held some of the demonstrators responsible for the shooting. He surmised that a demonstrator carrying a gun and a silencer fired on his own companions 'to mar the summit.'"]

Honduran President Regrets Violence

PA1412041695 Tegucigalpa Radio America in Spanish 0046 GMT 14 Dec 95

[News conference by President Carlos Roberto Reina with unidentified reporters outside the Arab-Honduran Cultural Center, venue of the 17th Central American Summit, in San Pedro Sula, Honduras — live or recorded]

[FBIS Translated Text] [Reina] There is a great contrast between what is taking place inside and what you saw outside [words indistinct]. Inside, [words indistinct] (?dollars), for the benefit of all citizens of Central America. Some demonstrations took place outside, without clashing with security forces. Several people were wounded by .22-caliber bullets.

[Reporter] What sort of [words indistinct], Mr. President?

[Reina] Weapons with silencers, which made no noise. Police and security forces are investigating and will issue a complete report. These incidents are very regrettable, and I deeply deplore them. I work for the good of all Hondurans, and these incidents are very much regretted and should not be [?blown up] in any way. I will go and visit these people, because there has to be some sort of explanation [words indistinct] without making contact with [word indistinct] forces.

[Reporter] What has been the most important topic discussed at this summit for the benefit of all sectors, Mr. President?

[Reina] This summit's agenda deals with citizens' security. All presidents have agreed, even though it is not easy because each country has its own particular problems, to unify standards. A treaty will emerge [two-second break in reception] for the benefit of the citizens of Central America. I regret these incidents, but there are conflicts all over the world. In Europe, when the European summit was to take place, terrorists placed a bomb, and this must be condemned [words indistinct].

[Reporter] [words indistinct]

[Reina] On the topic of police forces, general security, is one of the topics that will be included in the treaty.

[Reporter] [words indistinct].

[Reina] We have not dealt with the topic of militarization. [words indistinct].

[Reporter] [words indistinct]

[Reina] We have not spoken about its role. We have spoken on the role of the Central American armies.

[Reporter] What is this task?

[Reina] [Words indistinct], civilian power supremacy. There cannot be another way for a democratic or legal state within the Constitution.

[Reporter] [words indistinct].

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[Reina] No one has tried to reduce it; the bureaucratic machinery is to be reduced in general and in proportion to our country's economy.

[Reporter] [words indistinct] unity of the Central Americans.

[Reina] The first stage of security [?has had much to lose] by armies in the past, by impunity. There is going to be a news conference, bulletins, therefore I thank you and beg that you report objectively.

Military Issues Dropped From Treaty

PA1312155195 Paris AFP in Spanish 0339 GMT 13 Dec 95

[By Jorge Araya]

[FBIS Translated Text] San Pedro Sula, Honduras, 12 Dec (AFP) — Due to differences that could not be ironed out, the Central American foreign ministers eliminated on Tuesday, 12 December, the military issues of the Democratic Security Treaty, which the presidents of the isthmus will sign during their 17th summit meeting scheduled to begin in Honduras on Wednesday, 13 December.

Honduran Foreign Minister Delmer Urbizo informed in a news conference that the military issues are not the main topics to be discussed in the summit and these will be discussed in some future summit.

"We have reached agreements on an overall treaty, the objective of which is to attack all forms of crime, the security of persons and property, and the achievement of food security," Urbizo said at the conclusion of a meeting of foreign ministers in preparation for the presidential summit.

The foreign ministers held a meeting in San Pedro Sula, in northern Honduras, to polish up the text of the "Democratic Security Treaty," which the presidents will sign at the conclusion of their meetings on Friday, 15 December.

Costa Rica and Panama, the only countries of the region lacking an Army, objected to the signature of the collective military defense agreements, sources close to the foreign ministers' meeting revealed.

Urbizo said that the representatives of those two countries only made "observations regarding specific cases" contained in the draft treaty and said that "in general there is consensus and the agreement will be signed."

The security treaty will be accompanied by action plans on economic, social, environmental, and cultural issues that appear in the regional agenda of the Alliance for a Sustainable Development, adopted by the countries of the area last year.

Belizean Prime Minister Manuel Esquivel, who is participating as a permanent observer to the Central American summits, arrived in San Pedro Sula on Tuesday afternoon, while the rest of the presidents will arrive on the morning of 13 December.

The summit's inauguration is scheduled for noon (1800 GMT) at the Hondureno-Arabe Club, where the presidents will hold their meetings until Friday, 15 December, with an interlude on Thursday, 14 December, to visit the pre-Hispanic ruins in Copan, an ancient Mayan cultural center in northern Honduras.

Officials View Security Treaty

PA1312211295

[FBIS Editorial Report] The following are the official positions of Central American governments regarding the Democratic Security Treaty scheduled to be signed during the 17th Central American Summit slated for San Pedro Sula, Honduras between 13 and 15 December. Regional security topics such as crime, drug trafficking, and gunrunning activities in Belize, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and Panama will be discussed at the summit.

Hamburg DPA in Spanish at 1731 GMT on 12 December carries a 350-word Guatemala City-datelined report containing the Guatemalan defense minister's position. Major General Marco Antonio Gonzalez Taracena, Guatemalan defense minister, when referring to a possible reduction of military forces, said that his army, the most numerous in the Central American region with some 45,000 men, "is subordinated to civilian power, therefore it will respect the decisions made by the presidents." Gonzalez Taracena added, however, that the reduction of military forces "should not be arbitrary, but must be done according to the characteristics of each country such as the dimensions of its territory, its population size, and its internal situation" as far as public order is concerned.

Guatemalan military officers and right wing politicians have justified the existence of a powerful army arguing that the Guatemalan guerrillas, active since 1960, "are a serious threat for the state." Guatemala is the only Central American country still experiencing an armed conflict even though peace negotiations with UN mediation are under way.

Panama City ACAN in Spanish at 1539 GMT on a 13 December Guatemala City-datelined report adds brief statements made by Guatemalan President Ramiro De Leon Carpio at the Guatemalan Air Force terminal

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shortly before departing for San Pedro Sula, Honduras on 13 December. The Guatemalan president said that the role of the Army in a democratic society will be discussed during the summit. "We hope the meeting will yield positive things as far as security is concerned," De Leon told journalists gathered at the terminal. He said results in this regard will be seen in the medium and long run, not in the short run.

Hamburg DPA in Spanish at 2359 GMT on 12 December transmits a 275-word Panama City-datelined report stating that Panamanian President Ernesto Perez Balladares is scheduled to arrive in San Pedro Sula on Thursday, 14 December, the final day of the summit. Panamanian Foreign Minister Gabriel Lewis Galindo told DPA that the Panamanian president will make certain objections to the Democratic Security Treaty, which is aimed at fighting violent crime in the region because Panama, like Costa Rica, does not have an army. "We want the treaty to be aimed at protecting the individual's security, his personal safety," Lewis said when explaining his country's opposition to a military security.

Perez Balladares has said that Panama will maintain its position to contribute to the regional integration efforts in the political field, but not in the economic field.

Mexico City NOTIMEX in Spanish at 0024 GMT on 13 December contains a 350-word San Jose-datelined report on the Costa Rican Government's position. Costa Rica's neutrality proclamation in November 1983 could complicate the country's support to the signing of a Central American security agreement, which the presidents of the region will discuss during the summit. Costa Rican Foreign Minister Fernando Naranjo said before leaving for Honduras, "We wish to seek greater security for Central American citizens, but without the need for the participation of armies."

Panama City ACAN in Spanish on 1512 GMT on 13 December carries a 175-word San Salvador-datelined report on Salvadoran President Armando Calderon Sol's position on the Democratic Security Treaty.

Before leaving for Honduras, the Salvadoran president told the media, "I do not think Costa Rica will refuse to sign the treaty," because of that country's and Panama's disagreement over the military component of the document. "Citizen security in Costa Rica is also being seriously threatened. The crime rate is very high and I think they will be willing to fight the social problems faced by the Central American peoples collectively," he added.

Calderon Sol said the region must adopt "joint actions" to fight vehicle theft, drug trafficking, and gunrunning activities.

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Cuba

Further Reportage on Castro's Visit to SRV, Japan

Visits Cu Chi Tunnels, Sugar Mill

PA1312142895

[FBIS Editorial Report] Havana Tele Rebelde and Cuba Vision Networks in Spanish at 0100 GMT on 12 December 1995 aired its regular "NTV" newscast to report on President Fidel Castro's last day of his visit to Vietnam.

Today Castro began his tour through Ho Chi Min City as part of a visit he has been making to this region since 8 December. Early in the morning, Castro and his delegation arrived at the underground tunnel system in Cu Chi, a historic and military zone that served as refuge and fighting stronghold for guerrillas during the war with the United States. Lieutenant Colonel Chang Ding Sung, director of the historic zone, gave Castro a detailed explanation on the construction and use of these refuges. Castro learned that the tunnels are 250 km long and that their construction lasted 20 years, from the Vietnamese's fight against French domination to the late 1960's. Lt. Col. Ding Sung told Castro that the tunnels do not follow straight lines but a general system of superimposed lines with lids in each floor to stop the enemy and with traps and mines at each entrance. The military zone director told Castro that, during the war, the Yankees were never able to occupy Cu Chi. He said that the Yankees said the Viet Cong were not be seen anywhere but that they emerged everywhere. The Vietnamese official told Fidel that the tunnels had three levels: The first one was located 4 meters underneath the surface, the second 6 meters, and the third 10 meters, and that all tunnels were interconnected. In this place, he added, the Yankees dropped half a million bombs. After the war, from 60 to 70 bomb fragments have been found in a single square meter. In his visit to the Cu Chi tunnel system, Castro relived the story. The Vietnamese official explained the tunnel system to Castro, who relied on an interpreter to get the details.

In the afternoon, Castro traveled to Tai Min Province, located west from Ho Chi Min City, to visit a sugar mill that had been built with Cuban assistance. Castro talked with Tai Min authorities and the sugar mill director. Castro was told that this mill will double its production from 550 to 1,000 tons a day. He was also informed on the sugar production yield and methods of working sugarcane fields. Later, Castro talked with the seven Cubans who are linked to the sugar mill production. They reported to him on the reasons for the low yield: Mainly little experience and the fact that everything is done manually.

Further Thanks Japan for Embargo Policy

PA1312135995 Havana PRENSA LATINA in Spanish 2004 GMT 12 Dec 95

[FBIS Translated Text] Tokyo, 12 Dec (PL) — President Fidel Castro today expressed his appreciation to Japan for not supporting the blockade imposed by the United States against Cuba, and for not voting at the United Nations in favor of the continuation of the blockade.

In statements to the leading Japanese television stations, the Cuban leader stated that commercial, diplomatic, and friendly relations exist between Japan and Cuba, which should not surprise anyone, since the two countries are sovereign and independent and do not need the approval of others to conduct their respective foreign policies.

"Historical relations between Cuba and Japan date all the way back to Christopher Columbus who believed he had discovered Japan when he discovered the island of Cuba," Fidel Castro pointed out during his stopover in Tokyo from his visits to China and Vietnam.

The Cuban president, who in the next few hours will be meeting with Prime Minister Tomiichi Murayama and Foreign Minister Yohei Kono, pointed out that Columbus was fortunate because if he had arrived to Japan he would have found a civilization that would have been very difficult to conquer.

Fidel Castro explained that this visit is simply a stopover since he is returning to Cuba from Asia through the most logical route for airplane travel.

Nevertheless, he explained that he was pleased with the idea of seeing Japan with his own eyes.

The president expressed appreciation to Prime Minister Murayama and Foreign Minister Kono for sparing him some time at a moment when they were so busy. He also pointed out that there were no specific issues to be discussed during these talks and that he had not come to ask for anything, but that he is prepared to cover any topic that may be of interest to the Japanese.

Since his arrival to this capital city on a technical stopover, Fidel Castro carried out an extensive program of meetings and interviews with Japanese political and business figures.

At the Narita International Airport, 96 km east of Tokyo, the Cuban leader was welcomed by Shunichi Sato, director general of the Latin America Section of the Foreign Ministry, Diet (Parliament) deputies Hirochi Mitsuzuka and Keiji Furuya, president and secretary general of the Japanese-Cuban Parliamentary Friendship

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league, and by Senators Osamu Yatabe, Masako Owaki, and Kimiko Kurihara from the Democratic Socialist Party.

To the deputies of the bicameral Diet, Fidel Castro expressed his delight with being able to know Japan, even though briefly. He also stressed the efforts carried out by this country, which he described as one of the most developed. In addition, he reiterated his delight with finding himself in a place where Cubans know that they have many good friends.

Shortly afterwards he met at the Nikko Narita Hotel where the Cuban delegation is staying, with members of the board of directors of the Japanese-Cuban Economic Conference, including Ryiochi Kawai representing Komatsu corporation, Takehiko Tsuchiya from the Nissho Iwai, Tsuyoshi Kai from the Nisshin Steel Corporation, and Conference Board Executive Director Katsuzumi Nakayama.

The Japanese businessmen gave Fidel Castro an assessment of their recent visit to Cuba where they were able to witness how the measures adopted to guarantee economic development operated, including the country's opening to foreign capital.

On the other hand, the Cuban leader stated his assurances of the need to work to strengthen ties between Cuba and Japan, as well as to develop even better relations.

Immediately afterward, Fidel Castro met with Senators Yatabe, Owaki, and Kurihara. They stated their positive assessment of their visit to Cuba on May, and said that to them, Cuba constitutes an encouragement with its resistance and struggle for independence as well as social justice.

Senator Kurihara, a native of Hiroshima, one of the two Japanese cities victim of the U.S. atomic bomb on August 1945, stressed the significance of what Cuba was doing in favor of the children of Chernobyl, which she described as admirable.

Recognizes Regime's 'Social Differences'

PA1312181695 Madrid EFE in Spanish
1542 GMT 13 Dec 95

[By Carlos Dominguez]

[FBIS Translated Text] Tokyo, 13 Dec (EFE) — President Fidel Castro recognized in Tokyo today the existence of social differences in his socialist regime due to the citizens' access to dollars following the legalization of the use of convertible currencies.

In a news conference attended by a multitude, following his brief meeting with Japanese Prime Minister Tomiichi Murayama, Castro said that such differences are "somewhat necessary under the current circumstances because following the tremendous crisis caused by the disappearance of the USSR real situations have emerged: The circulation of convertible currencies such as the dollar, the yen, the mark, or the franc."

The Cuban leader said, however, that the legalization of currencies is not a definitive or eternal measure.

"The proper time will come, as the difficulties are resolved, for the circulation of a single currency in the country," said the statesman, who was wearing a dark jacket and dotted tie, which gave him the appearance of a businessman, very different from his military uniform.

Castro pointed out, however, that the population's access to foreign exchange has not created serious problems in his country.

"To a large extent this currency is distributed among many people," said the Cuban leader, who has been paying a short visit to this country since last night. The visit has been officially described as a "technical stopover" at the conclusion of his Asian tour to the PRC and the SRV.

Appearing tired because of his long journey, Castro met with Japanese politicians and did some touring to learn more about "this country that has lived in the imagination of the entire world in the last few centuries." Fidel Castro refrained from openly saying that he had requested this country's support against the U.S. economic blockade.

Castro said, "I think Japan is an important, prestigious country that is a very good friend of the United States that could give them good advice, including the improvement of its relations with its small neighbor in the Caribbean." He added said that even though it was discussed and commented on, it was not the "main reason behind the technical stopover."

Shortly after his plane landed in Tokyo, Fidel Castro asked the former foreign minister and president of the Japanese-Cuban Friendship Parliamentary League, Hiroshi Mitsuzuka, for this country's cooperation to help lift the U.S. economic blockade.

If the United States lifts its embargo, Castro admitted today, the country's economic development would greatly improve. But we will not return to the past and we will never allow ourselves to become the property of the United States," he said.

According to official Japanese sources, in his meeting with Castro, Tomiichi Murayama called for the democratization of the socialist country, the adoption of a

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free market system, and the improvement of the human rights situation, which "will contribute to a greater Japanese cooperation."

In the news conference, the Cuban leader attacked the 35-year-old U.S. hostile policy against the island and its alleged imperialist intentions in Latin America, however, he did show a willingness to hold a dialogue.

What can we do for the United States to like us? Fidel Castro asked. We will fight the blockade, we will make the sacrifice, we will maintain our dignity, that is the only road for peoples to be respected," he answered.

To face the hostility, Castro talked about the need to learn about oriental patience. "In the United States there are businessmen who want trade relations with Cuba. There are intellectuals, publishers, and citizens who want normal relations," he said.

The statesman showed his willingness to comply with all the international financial obligations regarding the foreign debt, the payment of which he suspended in 1989, including the $2 billion owed to Japan.

"The U.S. economic war against Cuba makes it difficult for us to meet our obligations," the Cuban leader said. According to him, the solution is to contribute to the development of third world countries because the world's foreign debt is "a phenomenon of the world crisis."

According to Castro, the sugarcane industry is improving and it is estimated that for next year, the country will harvest four million tons, 30 percent more than in 1995.

Castro said, "If we could produce more sugar, we could export to the SRV and the PRC and import their production," adding that his recent visit to those countries was not trade-oriented, but was a friendly and political visit.

He also said he has not changed as a revolutionary, but has gotten old as a biological being, the reason for which he has had to step up his commitment "to reach his goal, even though politicians do not get any medals."

Fidel Castro had nothing but words of praise for the PRC, the SRV, and their reforms for an economic opening without giving up socialism. Their experiences, he said, "may be useful for both Cuba and the third world."

Castro will begin his flight to Havana tomorrow, following his official visits to the PRC and the SRV and the unscheduled "technical stopover" in Tokyo, which has stirred up more expectations than any official visit.

Official on Signing Trade Accords With Lebanon

PA1212144495 Havana Radio Rebelde Network in Spanish 1255 GMT 11 Dec 95

[Telephone interview with Ricardo Guerrero, director of the Africa and the Middle East desk at the Foreign Investment Ministry, by Marina Melendez Cinteros; from the "Doing Radio" program — live]

[FBIS Translated Text] [Melendez] Good morning. Cuba and Lebanon are seeking to boost their trade relations which to date are practically nonexistent. This is the goal of the Cuban delegation to Beirut headed by Vice Minister Pedro Miret Prieto; Carlos Salamendi, president of the Cuban Chamber of commerce; diverse businessmen; and Ricardo Guerrero director of the Africa and the Middle East desk at the Foreign Investment Ministry, whom I have live on the line. Good morning Mr. Guerrero.

[Guerrero] Good morning.

[Melendez] Undoubtedly, this visit will result in the signing of some commercial accord.

[Guerrero] For a while now we have been involved in negotiations with the Lebanese authorities to sign an accord to promote and protect reciprocal investments. In this case, if everything comes out as we expect, we will sign these accord before leaving.

[Melendez] The presence of many businessmen in the delegation indicates that there is a group of sectors of interest to the Cuban economy in Lebanon.

[Guerrero] There is the tourism sector which is of great importance to us. There is also the ground-breaking Cuban pharmaceutical sector which we are promoting during this visit. There are also the transportation, commerce, and aviation sectors. There are many sectors which we are promoting with the Lebanese authorities. As you now, many important Lebanese companies are already doing business in Cuba, including an office of the (Franc-Saddam).

[Melendez] The level of trade between both countries is not very high, is that correct?

[Guerrero] There have been diverse exchanges but it is now that we are trying to encourage higher trade levels with this very important country of the Middle East.

[Melendez] The visit is going to last until 15 December. Could you tell me what meetings have taken place?

[Guerrero] We have met with diverse ministers, such as the Finance, Economy, and Trade ministers, and are scheduled to meet with the Lebanese foreign minister,

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prime minister, president, and the president of the Central Bank of Lebanon.

[Melendez] Will there be any meeting between the Cuban delegation and Lebanese businessmen?

[Guerrero] On 12 December we are scheduled to hold a conference with the main chambers of commerce of not only Lebanon, but the entire region and industrialists from Arab countries which have already confirmed their participation.

[Melendez] Thank you very much.

Investment Protection Accord Signed With South Africa

PA1312040295 Havana Radio Havana Cuba in Spanish 0000 GMT 9 Dec 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] South Africa and Cuba signed in Pretoria on 8 December an investment protection agreement in order to strengthen cooperation between the two countries, according to South African press reports.

The agreement signed by Trevor Manuel, minister of trade, industry, and tourism and by Noemi Benitez, acting Cuban minister for Foreign Investment and Foreign Cooperation, will protect both states' investments.

Several South African companies are ready to invest in Cuba, Trevor Manuel said. He added that the Pretoria authorities are sure that the agreement will benefit both economies.

Havana To Dedicate Isotope Center in Jan 1996

PA1212194195 Havana Radio Havana Cuba in Spanish 0000 GMT 10 Dec 95

[Report by Beatriz Padron; from the "Evening Information Review" newscast]

[FBIS Translated Text] Cuba's Isotope Center will begin production next year. This center is the country's largest radioisotopic installation and the second largest installation of the Cuban nuclear program, second only to the Juragua Nuclear Plant.

The center's director, (Jose Morito Rilla), announced in Havana that the center will be dedicated on 14 January and will operate as of that moment in its definite installations. The director said that the center will play an important role in the development of nuclear medicine in Cuba.

[Begin (Morito Rilla) recording] The essential objective is to better use radioactive substances in the country and to create a production group that will work for the benefit of this service and allow us to save resources, especially, readily convertible currency. This is what I was telling you. This is the main purpose. Another objective is to carry out our research and to offer support to what could be a [words indistinct] program, although this is under study yet, to satisfy, especially, nuclear medicine and radiotherapy requirements.

The center, whose definite completion and equipping cost approximately $35 million, had already initiated some of its services and delivered to the economy radioactive medical products that saved the country $180,000.

Its fundamental lines are radio-pharmacy, radio-hemoanalysis sets, and molecule tracers for the medical-pharmaceutical industry.

[(Morito Rilla)] Before registering a product we have to determine the action of that product in the body. This study is what is known as the products' pharmacokinetics. There are various techniques. One is the tracing of molecules to determine what a particular molecule does. A tracer is introduced in an animal and then we observe where it goes.

The transnationals of the pharmaceutical industry often demand this be done with radioactive substances because they better point out the locations. There are two ways of doing this. One is the use of a hydrogen product that is traced; the other is a carbon product. This second product is more important because it breaks molecule chains, the molecules skeleton. This is what the transnationals want.

We have been offering this service for years. The (PPG) has been traced on several occasions. This was done again this year in various ways. We give the transnationals the results. They evaluate them and then deliver registration records.

The advice provided by Argentine experts was a determining factor in the equipping of the Isotope Center. It is from Argentina that fundamental resources and equipment came to permit the mounting of this work.

[(Morito Rilla)] This is a contract, a contract with [name indistinct]. The contract for the plant was signed with that firm and the record is good. We are on the final phase. Sometimes we did not have all the money available and we were able to reach good agreements. I think this was suitably negotiated. We have the complete equipment for the center and they are fulfilling their commitment. The contract includes technical assistance. At this moment there are Argentine experts who are putting the center in operation, of course, with Cuban participation, but [words indistinct] will provide a higher level, aimed at practical objectives, this is not

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about [words indistinct]. These are works that have an objective. This is an installation that benefits reasonable and practical adjustments in the Cuban nuclear program. What is being said is that this is the second largest center the country has. [end recording]

Wire Factory Reports Best Production Year Since 1992

PA1312012595 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 7 Dec 95

[Report by Maria del Carmen Fuentes from the "NTV" newscast]

[FBIS Translated Text] A Wire and Electrode Factory in Nuevitas, Camaguey Province, has concluded its best production year since 1992. The plan intends to finish with 11,000 tons of wire.

[Begin recording] [Fuentes] This year has been different in the Gonzalo Estaban Lugos Wire and Electrodes Factory in Nuevitas, Camaguey, because current indicators show a recovery in its production.

[First unidentified worker] In comparison to 1993 when production reached 4,700 tons, this month we have about 9,200 tons in what is our basic assortment, that is in three-braided wire [alambre trifilado].

[Fuentes] Founded in 1962 by Commander Guevara, most of what the factory produces today is exported, although some organizations such as MINAZ [Ministry of Sugar Industry] benefit from it. If we speak of improvement, we must emphasize the improvements regarding the working conditions of these workers.

[Second unidentified worker] Working conditions are changing. Before, we had glove and tool shortages. Now this has improved; they are within our reach so that we can produce more.

[Third unidentified worker] We are involved in the process of emulation by brigades and [word indistinct]. We are working on that basis.

[Fuentes] This is another of our cooperatives that has renewed itself and is producing. [end recording]

Industrial Gas Output Down by Half; Recovery Plan Set

PA1212174495 Havana Radio Rebelde Network in Spanish 1800 GMT 6 Dec 95

[From the "National Radio News" newscast]

[FBIS Translated Text] As in all sectors of the economy since the start of the special period, the production of industrial gases in Cuba fell nearly 50 percent. A development plan until the year 2000 has been established to revert that situation and as a result, the recovery of that industry can already be announced. Here is reporter Sergio Martinez with more details from Santiago de Cuba:

[Martinez] The program foresees the modernization of the installations based on the concept of producing industrial gases in plants with greater capacity, utilizing international experiences, and always lowering costs. Such actions will permit the stabilization of the supplies of oxygen, nitrogen, and argon, among other industrial gases. Miguel Perez Abreu, director of the National Industrial Gases Enterprise, has stated that with this development and investment program the country will be able to discontinue the special period in this sector.

[Begin Perez recording] This year we have recovered a production of approximately 15 million to 16 million cubic meters of oxygen. This places the enterprise in a frank recovery of the production levels that existed up to 1989. We foresee that in 1996-1997, the gases industry will be at the level we had prior to the start of the special period. We would be taking a great leap forward, much above current levels. The most important thing of all this is that the industry would be able to meet the needs of any important development program in the country. [end recording]

Armed Forces Commission Inspects Eastern Army

PA1312135195 Havana Cuba Vision Network in Spanish 0100 GMT 9 Dec 95

[Report by Oresters Casanova and Magaly Pupo from the "NTV" newscast]

[FBIS Translated Text] Since the beginning of this week, a Minfar [Ministry of the Revolutionary Armed Forces] commission has been thoroughly inspecting the Eastern Army forces. This control is centered on issues such as military discipline, the maintenance of combat techniques, and troops' preparedness and combativeness. It is also evaluating the Armed Forces' activities in the area of self-supply and other priority economic fronts.

This control is viewed as the most strict one carried out within the FAR [Revolutionary Armed Forces] and includes the provinces of Camaguey, Las Tunas, and part of Holguin this time. The commands in the central and eastern part of the country were previously subject to similar inspections.

The fourth day of Minfar's inspection of the Eastern Army went by during joint training of the Eastern Army Staff. With Division General Ramon Pardo Guerra and Vice Admiral Pedro Bethancourt, both substitutes of the FAR minister, present, the Eastern Army's command is

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working on decisionmaking, cooperation among forces, and specifying missions.

Division General Ramon Espinoza Martin, chief of the Eastern Army, is heading the training, which includes provincial and municipal staffs, military units, and defense zones in Las Tunas, Holguin, and Camaguey. Those provinces confirmed during the inspection they are highly prepared for defense:

[Begin Espinoza recording] We are confirming all the basic Army tasks in accordance with the orders received from the FAR minister and the Army chief. [end recording]

The Eastern Naval Base is among the most outstanding units, as the chief of the Revolutionary Navy Forces reaffirmed. The response from the Eastern Army to the Minfar inspection confirms this Army is still a great one.

Raul Castro Expresses Admiration for Congress Youth

PA0812183695 Havana Cuba Vision Network in Spanish 0100 GMT 8 Dec 95

[From the "NTV" newscast]

[FBIS Translated Text] After sharing many experiences with the delegates at the closing of the Ninth Congress of the FEEM [Federation of Secondary School Students], Army General Raul Castro, second secretary of the Communist Party of Cuba, made exclusive statements to this newscast.

[Begin recording] [Unidentified reporter] Minister, considering you have just attended this Ninth Congress of the FEEM, what positive things and what dissatisfaction does this Congress bring to mind from your generation and your times as an adolescent?

[Castro] After participating in all the activities, or nearly all of the activities during the congress, I naturally remembered congresses I attended when I was a student. Indeed, I attended one congress in the beginning of 1953, following the coup d'etat staged by Batista in March of the preceding year. It was a congress based on Jose Marti's ideology and teachings, basically with the participation of many university students. I remember it was held at the Palace of the (?Yesistas) of the Union of the same name. It was held on 28 January.

Later, together with two comrades, I was chosen to go to a congress in Vienna, Austria. It was a politically broad congress.

What do I feel from what I saw today? I could say I felt a bit of healthy envy, although I have no regrets for the times I had. If you would ask me, would you do it all over again?, I would answer like Fidel: Yes, but with the experience I have now, I would have done things better.

In addition, I feel a healthy envy; more than that, I feel a great deal of admiration for our people, for Fidel, for the fact that we have accomplished this revolution under his leadership, despite all its problems and flaws. I felt admiration for our communist youth, for our students, from elementary school to pioneer status, secondary school students, and also for university students.

FEU [Federation of University Students] members call me their classmate; now, FEEM members call me a guiding professor. I am also a comrade of the FEEM boys. I have really enjoyed these past two days, in addition to the participation on 4 December in the congress opening in El Cacagual.

A while ago, I talked to Vicky [not further identified] about the need those young boys and young girls have, young girls in particular... [pauses] of the 13 members comprising the Secretariat, 10 are women, including the president and vice president. We must follow the footsteps of all of those young delegates who attended this congress. Some made exceptional statements while most displayed a great talent and capacity to speak.

I saw a young girl talking from I don't remember what province — I told you about this, Vicky — and said this would be Robaina's successor in the next century.

[Unidentified woman] From Granma.

[Castro] It was the girl from Granma, the one who later went up there crying; she became emotional. I really regret that Fidel was not able to experience this moment, although he participated four years ago in the Eighth FEEM Congress. And I am happy I was able to attend the entire time. [end recording]

Seminar Views Promotion of Trade, Investment With EU

PA1212133195 Havana PRENSA LATINA in Spanish 2231 GMT 6 Dec 95

[By Elsy Fors]

[FBIS Translated Text] Havana, 6 Dec (PL) — The ongoing dialogue between Cuba and the EU allows the promotion of trade and investments without having to wait until a cooperation agreement is signed, Wolf Grabendorf, president of the Institute for European-Latin American Relations (Irela), said today.

At the end of a meeting in Havana that brought together more than 70 bankers, businessmen, and Euro deputies on various aspects of relations between this island and the 15 EU member countries, he told PRENSA

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LATINA "there are mechanisms that might be used without having to wait until a cooperation agreement is signed."

"There is a new guideline at the European Parliament regarding Cuba," he said, clarifying that "agreements cannot be signed overnight."

He affirmed that at the conference, which is taking place today and tomorrow and which includes bilateral meetings with Cuban organizations as requested by the participants, everyone has expressed himself in favor of continuing a dialogue, but no one can predict how many months (and let us hope not years) this process will take.

Meanwhile, Carlos Martinez Salsamendi, president of the Cuban Chamber of Commerce, said: "The difference in criteria on certain points did not hinder an environment of mutual respect."

The effect of the meaning of this seminar, which began in December 1993, has surpassed all our expectations, Martinez said, adding that out of the more than 40 enterprises represented there, 22 requested to meet officials and visit various factories.

Asked about signing a possible cooperation agreement between Cuba and the EU, the president of the Chamber of Commerce admitted this would facilitate financing, access to preferential treatment, and facilities the EU grants to the countries that have this type of agreement with them.

Delivering the seminar's closing speech, Ricardo Alarcon, president of the National Assembly of the People's Government, spotlighted the positive aspects of the talks with members of the EU "troika" (comprised by delegates from the country that preceded the EU presidency, the current one, and the one that will follow) who visited Cuba recently.

Alarcon described the dialogue as "frank, broad, and constructive," and said an agreement between the EU and Cuba will be formalized in due time.

As a group, the EU is Cuba's main trading partner, with $1.473 billion worth of trade in 1994, which represented 45 percent of the total trade.

Report Profiles Joint Venture With SRV Firm

PA1312153695 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 12 Dec 95

[Report via satellite from Hanoi by Faviola Lopez; from the "NTV" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] [Lopez] The tallest building in Vietnam's history is being built in Hanoi. It will be a 24-story, five-star hotel. It so happens that construction of the building was begun by the company (VIC), the first Cuban-Vietnamese joint venture company.

(VIC's) Vietnamese partners include six of Vietnam's most important construction companies, and the Cuban partner is the Caribbean Construction Company. Each of the two parties has contributed 50 percent of the initial capital. The (VIC) Board of Directors is composed of six Vietnamese and two Cuban specialists. This company began operating in January 1995 and has already finished its first construction job, 8 kms of highway and railroad tracks leading to the (Wusang) Cement Plant.

(VIC) Deputy Director Rene Machado has said the first Vietnamese-Cuban joint venture company is imposing itself in a competitive market in which quality, price, and time frame prevail:

[Machado] "This experience has been a novel one for us, because we have had to participate in an open market in which we have had to compete with various foreign and Vietnamese companies to win the contract through bids."

[Lopez] General Director (Guyen Chon Tien) has said, however, the (VIC) will have specific results soon:

[(Chon Tien)] "Within a short period, we are expecting a total volume of more than $14 million with the works (VIC) will construct in 1995. We expect to construct roads, buildings, factories, schools, and offices worth more than $20 million in 1996."

[Lopez] The company has successfully bid with other Japanese, English, and French companies within the limits required by the sector. Despite Hanoi's good disposition, the company must work within the economic conditions of the Indo-Chinese country:

[Machado] "The company had profits of approximately $70,000 at the end of October. We have not financially closed the works that are under construction; therefore, profits should increase by the end of the year with the conclusion of these works. The prospect is to increase the number of contracts and make more profits."

[Lopez] Everything seems to indicate that (VIC) began on the right path, as its director, an experienced doctor in technical sciences who was graduated in Cuba, believes:

[(Chon Tien)] "(VIC) is doing well. We are in good standing. There are many prospects for its development."

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Commentary: History Proves Castro's Predictions

PA1312142995 Havana Radio Havana Cuba in Spanish 0000 GMT 13 Dec 95

[From the "Radio Havana Cuba Comments" segment of the "Evening Information Review" newscast: "The Justness of the Countries that Continue Along the Socialist Path"]

[FBIS Translated Text] History has proven once again that Fidel Castro's political and social predictions are right.

He said 42 years ago, when he defended himself before the court that tried him for the attack on the Moncada Barracks—the action by which he initiated the armed struggle against the pro-U.S. tyranny of Fulgencio Batista—that history would find him not guilty because he was defending a truly popular cause that was destined to win.

When the U.S. Government began its political, diplomatic, economic, and military aggressions against Cuba, in the first years of the revolution, the Cuban leader predicted the world would turn against Washington and its meddling, interventionist policy.

The events that followed, the foiled U.S. aggressions against Cuba and the Vietnamese victory in the war imposed by the United States, demonstrated that the days when the United States could impose its will on the rest of the world unimpeded are over.

Fidel Castro has just stated in Ho Chi Minh City, the former Saigon and former headquarters of the U.S. intervention in Vietnam, that the countries that persist in socialism will not crumble.

China, Vietnam, and North Korea in Asia and Cuba in America have not renounced socialism and have demonstrated the growing strength of their political systems, kept intact following the big commotion of the crumbling of the Soviet Union and the liquidation of the socialist bloc in Eastern Europe.

Eastern Europe, where the most powerful communist, revolutionary movement in history was born, reneged from that glory and reembraced capitalism, hoping to quickly attain a big economic bonanza with the help of the former enemies.

President Fidel Castro has said in Ho Chi Minh City that the capitalists who had been applauding this situation up to now are now scared of what is happening in the former Soviet Union and the former socialist countries of Europe. The president added: Now, many of those who faltered are thinking carefully; they see chaos and disorder and are concluding that capitalism has no future.

President Fidel Castro has said only the countries that resist for the sake of socialism, using intelligence, heart, and a creative spirit, are the ones capable of introducing new ideas that not only will save socialism but also will perfect it and take it to victory.

Fidel Castro made this statement just as his country, after five years, is beginning to overcome the worst economic crisis in its history, struggling virtually alone, blocked mercilessly by the world's largest economic and military power, which thought Cuba would succumb after losing the support of the previously powerful socialist bloc of Eastern Europe.

Cuba stopped its economic plunge last year and is now showing clear indications of a slow but certain economic recovery without abandoning socialist principles or the social achievements of the past 30 years, which have brought Cuba international prestige.

History has proven right once again the predictions of the chief of the Cuban Revolution.

Correction to Robaina Views Ties With Mexico

PA0912131695

The following correction pertains to the item headlined "Robaina Views Ties With Mexico, Central America," published in the 12 December Latin America DAILY REPORT, pages 5-6:

Page 5, column two, make sourceline read: ...Mexico City NOTIMEX in Spanish 2206 GMT 2 Dec 95... (correcting name of press agency)

Dominican Republic

President Receives Taiwan Vice Foreign Minister

OW1412053295 Taipei CNA in English 0254 GMT 14 Dec 95

[By Edward Chen and Lilian Wu]

[FBIS Transcribed Text] Santo Domingo, the Dominican Republic, Dec. 13 (CNA) — Dominican Republic President Joaquin Balaguer received ROC [Republic of China] Vice Foreign Affairs Minister Fang Chin-yen Tuesday.

Balaguer asked Fang to convey his greetings to ROC President Li Teng-hui, and told Fang he has always admired the political and economic achievements of Taiwan. He also expressed hope that the two nations can step up cooperation in the future.

Balaguer also said his country's support of the ROC's bid to reenter the United Nations will never change

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because the nation has always been a champion of justice.

Fang thanked Balaguer for the years of support the ROC has enjoyed from the Dominican Republic.

Fang, accompanied by his wife and a three-member entourage, arrived here Saturday night for a three-day official visit at the invitation of the Dominican Republic Government.

Haiti

FRAPH Leader Constant Sues U.S. for Damages

PA1312175695 Port-au-Prince Radio Metropole in French 2000 GMT 12 Dec 95

[FBIS Translated Text] Revolutionary Front for the Promotion and Progress of Haiti [FRAPH] leader Emmanuel Constant has demanded $50 million in damages from the U.S. Government for unjustified imprisonment.

Furthermore, Emmanuel Constant announced that he is no longer opposed to his expulsion from the United States to Haiti: As a result of my unjustified imprisonment, I demand $50 million from the State Department, Secretary of State Warren Christopher, and Attorney General Janet Reno. Emmanuel Constant has stated this in a communique that his lawyers had published by THE WASHINGTON POST this Tuesday [12 December]. The State Department has not yet responded to Constant's demand.

Werleigh's Security Agent Killed Accidentally

PA1312181995 Port-au-Prince Radio Metropole in French 1900 GMT 12 Dec 95

[FBIS Translated Text] Within the trend of violence in Port-au-Prince lately, a woman was shot down this morning in the Delmas 5 area at about 0800. The reason for this assassination, committed by a man who accompanied the victim, is not known.

Another accidental murder should be pointed out. A man killed his friend while playing with his gun. The victim, a security agent for Prime Minister Claudette Werleigh, was killed accidentally with a bullet to the head from his friend's revolver.

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Former Official Views Alleged U.S. Probe of Salinas

PA1312150495 Mexico City XEW Television Network in Spanish 0400 GMT 13 Dec 95

[From the "24 Hours" newscast]

[FBIS Translated Excerpt] NBC news anchorman Tom Brokaw said in today's broadcast that the U.S. Government denied what he had reported yesterday. [passage omitted on statements by Tom Brokaw and spokespersons of the U.S. Treasury and Justice Departments]

What may this all lead to?

Santiago Onate, who replaced Jose Cordoba as chief, Office of the Presidency of the Republic, during the Salinas presidency, stated that he was surprised by the fact that U.S. media are so efficient in denouncing alleged offenses of drug traffickers from outside of their country, but are quiet about U.S. citizens' involvement in drug trafficking.

[Begin Onate recording] It is not a denunciation of the United States. The United States is a country and countries express their positions through their diplomatic channels. The television network is a private consortium that is based in the State of Carolina [as heard] or any other U.S. state. Therefore, this is a report by a private media source.

You asked me if this has a political slant. I would beg you to ask that question of your colleagues from the media. I don't know if they are media sources [words indistinct] many Mexicans [words indistinct] and full respect for those who report the news. I don't know the status of NBC. You must ask your colleagues.

We don't see any progress in U.S. efforts, specifically its government, to reduce drug consumption and, above all, to detect drug traffickers. Too often we hear U.S. Government agencies or media sources refer to people involved in drug trafficking who have Latin American names; the problem of drug capos. I still have not heard, on one single occasion, the name of a U.S. capo. I don't know if they have already achieved the full victory of free enterprise and we are [words indistinct] small businessmen. [end recording]

To conclude, the former chief of the Office of the Presidency of the Republic briefly stated:

[Begin Onate recording] These charges are not free of interventionist actions or intentions. [end recording]

Zedillo Defends Social Security Reforms

PA1312144795 Mexico City XEW Television Network in Spanish 0400 GMT 12 Dec 95

[From the "24 Hours" newscast — passages within quotation marks recorded]

[FBIS Translated Text] During a ceremony in the Adolfo Lopez Mateo Room of the Los Pinos Official Residence, President Ernesto Zedillo swore in the new leadership of the League of Revolutionary Economists [Liga de Economistas Revolucionarios].

President Zedillo reiterated his respect for the division of powers and said that he as president has the right to disagree and to engage in debates.

Regarding opposition to the reforms of the Mexican Social Security Institute Law, Zedillo said: "It has caught my attention that a radical opposition to the Social Security Institute by some people who during the analysis sessions had stated their support for the reforms, has prevented this people from backing the reforms at the very forum for making decisions: Congress."

He said the law had been reformed.

[Zedillo] "We have assumed without hesitation the political cost of this position because we know we have fulfilled our duty and because we have the mandate of the people to act responsibly.

"We can understand that those who did not receive the majority of the votes will not share the responsibility of drafting measures that in the short term may be unpopular, but it is more difficult to understand why they would not support and approve generous reforms such as those of the Social Security Institute Law."

President Zedillo said his government will continue marching on the path it has followed until now and that everybody wins by supporting an initiative that is good for everybody. At a suitable moment, society will know how to pass judgment on these changes.

[Zedillo] "If we want a stronger democratic system, we need an established party system."

Zedillo said that a party's legitimacy arises from a responsible exercise of the power granted by the people.

Antonio Godina Herrera who, together with his committee, heads the League of Revolutionary Economists, also spoke at the event.

State secretaries and Institutional Revolutionary Party national leader Santiago Onate were also present at the ceremony.

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Zedillo on Economy, Environment, Social Welfare

PA1312172095 Mexico City XEW Television Network in Spanish 0400 GMT 8 Dec 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Mexico has finally overcome the risk of economic insolvency.

In El Salto, Jalisco, President Ernesto Zedillo stated that Mexicans will remember 1995 as the year when we demonstrated to ourselves that no difficulty will make us give in. In Tala Municipality, he put into effect the National Program for Territorial Reorganization and witnessed the signature of the agreements whereby the federal government transferred La Primavera woods and El Centinela grounds to Jalisco State. Later on, at the public park in La Cristania in Chapala, the president witnessed the signature of the coordination agreement to control waterweeds in Chapala lake, which is the largest in the country. There he said it is possible to achieve a balance among economic, social, and environmental objectives, a balance that would take into consideration each region's natural capacity for development.

[Begin Zedillo recording] As it is has been pointed out in the National Development Plan, we need an environmental policy that goes beyond a mere regulatory function. Therefore, we are showing and enforcing an environmental policy that harmonizes with economic development. [end recording]

During the event, the president pointed out that 2,300 jobs will be created to remodel El Lirio during the first year and that in general, more than 3,000 fishermen from Jalisco and Michoacan will benefit.

[Begin Zedillo recording] With actions of this sort, economic growth, environmental protection, and social welfare will become a part of a virtuous circle [circulo virtuoso] in Mexico. I am sure that we will achieve this virtuous circle by uniting our wills and actions. [end recording]

In the city of Guadalajara, he learned about the program of the Alliance for Jalisco's Economic Recovery. He also received investment commitments from industrialists for the state. Addressing the Jalisco businessmen, the president expressed his gratitude to National Action Party Governor Alberto Cardenas Jimenez.

[Begin Zedillo recording] I express my gratitude to the governor for the solidarity and support he has given to the Mexican Government's decisions we had to make in this very difficult year, decisions that have sometimes been difficult and complex. [end recording]

Finally, he said that despite economic difficulties that we have faced, we Mexicans are demonstrating our maturity and our capacity to live in a democratic system. During this tour through Jalisco, the president was accompanied by his wife Nilda Patricia Velasco de Zedillo; Jalisco Governor Alberto Cardenas; Commerce and Industrial Development Secretary Herminio Blanco; Julia Carabias, environment, natural resources, and fisheries secretary; Guillermo Guerrero Villabos, national head of the Federal Water Commission, and Hector Larios Santillana president of the Business Coordinating Council. President Zedillo returned to Mexico City that evening.

Attorney of Ex-President's Brother Cited on Evidence

PA1312193895 Mexico City XEW Television Network in Spanish 0000 GMT 13 Dec 95

[Report by Maria de la Luz Gonzalez from "The Night Monitor" newscast]

[FBIS Translated Text] Raul Salinas' defense attorney has decided not to present evidence to the Secretariat of the Comptrollership and Administrative Development [Secodam] on the alleged irregularities detected in the estate of the brother of the former president within the term, which expires on 12 December, Secodam has granted.

Eduardo Luengo Krill, Raul Salinas' defense attorney, has said this decision was prompted by his determination not to give additional facts to the Attorney General's Office [PGR] for the indictment it may make against his client for the offense of alleged illegal enrichment. For this same reason, he has said, the defense has decided not to request a 45-day extension of the term but, rather, to wait for Secodam to file the corresponding lawsuit before the PGR, to demonstrate to judicial authorities later the legal origin of Raul Salinas' assets.

Regarding the bank accounts Raul Salinas has opened in Switzerland under the name of Juan Guillermo Gomez Gutierrez, the attorney has said the defense has also refused to furnish additional evidence so as not to provide more arguments to the PGR indictment:

[Begin Luengo Krill recording] The greatest contribution was the direct deposition of Salinas during an intense interrogation. He responded to questions in a timely manner. We refuse to provide additional evidence in Switzerland so as to prevent the PGR from knowing the evidence we have in our defense. [end recording]

Regarding the situation of Paulina Castagnon, Raul Salinas' wife who was arrested in Switzerland, he has said her deposition before Swiss Attorney General Carla de Ponte, which was scheduled to take place yesterday,

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was postponed until 12 December. He added they are awaiting the result of this deposition.

Federal Deputy Manuel Hinojoza Juarez also visited Toluca on 12 December. He presides over the Plural Legislative Commission that is investigating the possible embezzlement in Conasupo [National Company for Basic Commodities] and its subsidiaries during the time Raul Salinas served there. The legislator has said the commission will seek to conclude the investigation as soon as possible and in the most open manner, without lynching anyone but, rather, in strict adherence to the law, based on the evidence that may be gathered on the alleged misuse of public resources.

Business Sector Faces 'Precarious' Situation

PA1312193595 Mexico City EL FINANCIERO in Spanish 8 Dec 95 p 20

[FBIS Translated Text] The country's business sector believes the economic emergency situation has not been overcome and that while there are favorable signs, "bells should not be rung yet" because the business sector is still facing a precarious situation and hard work is necessary to avoid a slide.

The leaders of Coparmex [Employers' Confederation of the Mexican Republic] and Concanaco [Confederation of National Chambers of Commerce], Carlos Abascal Carranza and German Gonzalez Quintero, respectively, said that the commitments of the Alliance for Economic Recovery [APRE] are being fulfilled. They also noted that during the reactivation process some setbacks could occur.

The Coparmex president, Carlos Abascal Carranza, hopes the economic reactivation will take place orderly and in the framework of federal expenditures to avoid a disruption of the discipline that has been achieved and that has permitted a trade surplus.

Abascal Carranza said that the recovery process will be neither lineal nor perfect, that there will be setbacks and unforeseen (economic and political) events and society must be prepared to weather this and to retake the chosen path.

Abascal Carranza admitted that "during the last year of the past administration very serious errors irreparably hurt the country," but asked not to confuse this situation with the various crimes that were committed.

He said that there are some signs of economic recovery, such as an increase in the production and sale of cement and an increase in the number of workers registered with the Social Security Institute.

Concanaco President German Gonzalez Quintero said that by year's end businesses will log a 15 percent sales drop and that it will not be until mid-1997 when the 1994 sales level is recovered.

He rejected the labor sector's proposal about a mobile salary because this would not be compatible with the country's economic situation.

Gonzalez said it is expected that next year all the production sectors will grow but that the sales level of November 1994 will be recovered between May and June 1997.

Interviewed during the biweekly meeting of APRE's Follow-Up and Evaluation Commission, Gonzalez said that the improvement at the macroeconomic level does not mean that the economic-emergency phase is over since the situation of the enterprises at this moment is still delicate due to the magnitude of the crisis.

Salvador Lopez Negrete, president of the Chamber of Commerce of Mexico City, has reported that sales in Mexico City have dropped 23 percent.

Lopez Negrete rejected the establishment of street vendors at Centro Historico on occasion of the Christmas season because this would hurt sales even more.

Lopez Negrete said that the implementation of the "No Circulation Today" double program will have a negative effect on sales and on other activities.

Meanwhile, Labor Secretary Javier Bonilla, in dedicating the seminar A New Labor Culture: Tripartite Dialogue and Social Agreement, admitted that at this moment, the need to create jobs represents Mexico's most important objective.

The magnitude of this challenge and the nature of the problems the country faces demand that all the social sectors cooperate so on that basis with equity and dialogue, and without confrontation, we may push forward, he said.

Meanwhile, labor leader Fidel Velazquez reiterated his support for the government's economic policy and for his alliance with the employers' sector.

He told labor leaders that the workers are not enemies of the employers' sector and this will help reach an agreement on the new labor culture that must prevail in Mexico.

Carlos Abascal said that Mexico's problems will be resolved with the generation of jobs.

He said: "Now is the time to achieve effective unity between workers and employers" to create productive jobs that may resolve the country's poverty problem.

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El Salvador

EL DIARIO DE HOY Available on Internet

PA1312172395 Panama City ACAN in Spanish 1440 GMT 9 Dec 95

[Report by Cristina Hasbon de Merino]

[FBIS Translated Text] San Salvador, 9 Dec (ACAN-EFE) — Mass media made the news in El Salvador this week, when two large newspaper companies implemented new technological advances and the government closed ten small community radio stations.

The EL DIARIO DE HOY morning daily, founded in 1936, announced that it was sending its daily to the world through the Internet, thus becoming "the first electronic newspaper in El Salvador based primarily on media technology of the 21st century."

It observed that the global communications network will allow 30 million people, who live abroad, to have access to the newspaper through their personal computers. However, people in the country will still not have access to this network due to "technical details in the hands of National Telecommunications Administration (ANTEL)."

Fabricio Altamirano, executive director of EL DIARIO DE HOY, said the new system is "an expeditious, accurate way of keeping in contact with travelers and for citizens abroad — referring to the thousands of Salvadorans who live in foreign countries — not to lose contact with the events in our country."

He commented that only two newspapers in Central America publish a summary of their daily editions in the Internet: LA NACION of Costa Rica and LA PRENSA LIBRE of Guatemala.

The Salvadoran DIARIO EL MUNDO evening daily, initiated the week with a pleasant surprise for its readers. It has "totally changed its attire" and presented a publication with a new format and image, and better quality paper, as well as several changes in its contents.

In an editorial, DIARIO EL MUNDO asserts that "it has started a new phase and is now offering a better product to its readers and announcers. This is an important change in the daily's presentation in an effort to give the newspaper's contents a more pleasant appearance."

However, the celebrations of two out of the five newspapers in the country, contrasted with the changes presented to 10 small community radio stations, that were closed by ANTEL and whose equipment was seized by the police in a simultaneous operation carried out in several departments.

ANTEL President Juan Jose Domenech has asserted that the closure of the mini radio stations responds to a legal action as "those clandestine radio stations had never been authorized." He added that the owners of those radio stations had never requested the necessary broadcast license.

Domenech, who is also the president of the governing rightist Nationalist Republican Alliance (ARENA), asserted that the stations closed were part of a plan of the former Farabundo Marti National Liberation Front (FMLN) guerrilla group "that wants to install 50 clandestine radio stations for the political campaign."

El Salvador will hold legislative and municipal elections in 1997 and general elections in 1999.

The FMLN was legalized as a political party in December 1992, after the peace agreements were signed on January of that same year. It participated for the first time in the March 1994 elections, and became the country's second biggest parliamentary bloc.

ANTEL asserted that the seizing of the radio equipment "is temporary" and that the action is based on the "telecommunication services law" that requires government authorization for radio stations to operate.

The police were unable to close down Radio Sumpul, a radio station located in the northern Chalatenango department, because community residents resisted the action. The radio station reported that it requested permission from ANTEL on March 1993 — before it started to broadcast.

In a communique the station added that it did not receive a response from ANTEL and, thus, presented a new request on 7 January 1994 and yet another one on 26 July 1994. According to the station, ANTEL finally replied on October, stating that it was not authorizing frequencies due to a "lack of them."

However, the communique added, between 1993 and 1994, ANTEL authorized "numerous frequencies to commercial radio stations" and that several ANTEL technicians "had unofficially asserted that there were frequencies available for community radio stations and that the (ANTEL) authorities' decision was political."

But even though the Salvadoran Broadcasters Association (ASDER), which is made up of the most important privately-owned radio stations in the country, supported ANTEL's actions arguing that such measures would stop "the anarchy and chaos present in radio," the Association of Participative Programs and Radio Stations of El Salvador (ARPAS) disapproved of them.

Condemning the closing of the smaller stations, ARPAS recalled their slogan: "In the world we are all worth

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something, there is room enough for everyone on the radio dial."

State Workers Suspend Activities at Institutions

PA1312193395 San Salvador DIARIO LATINO in Spanish 11 Dec 95 p 5

[Report by Alvaro Lopez]

[FBIS Translated Text] Government employees today suspended their activities at various institutions as a means of pressuring the government into postponing and reforming Decree 471, or the Law on Economic Compensation for Services to the State.

Workers from several state branches, such as the Public Works Ministry (MOP), National Telecommunications Administration (Antel), and others, said going on strike is the only alternative they have to pressure the government into accepting their demands regarding Decree 471. The suspension of activities in the government sector is one of the actions the workers are carrying out after most of the progovernment deputies voted last week against abrogating the decree.

The strikers are keeping the main doors to their respective offices closed, while riot policemen have been guarding the area and are ready to act if necessary as they have done on previous occasions.

Union leaders have said the strike is being observed nationwide, will continue indefinitely, and is being supported by all state workers. Government employees are asking the government to postpone implementation of the decree for six months and to review the list of workers who will be affected by this law. At least 15,000 workers will be dismissed, including union members and leaders. The strikers added that pressures will be intensified, as the deadline given to workers to submit their resignations will expire on 15 December. Otherwise, the Civil Service Law, which they have said is more detrimental to the workers, as they will not receive the same sum authorized by the Compensation Law, will be served against them. "We will increase our activities if the government does not listen to us," one of the union leaders has threatened.

What worries most of the workers who will be dismissed is that they will be unable to find jobs because of their age. The private sector does not offer many opportunities for workers over 40 years of age, and the government issued the decree without previewing solutions for those who will be unemployed.

A large percentage of employees continued working despite the strike declared today.

Guatemala

Presidential Candidates on Key Issues

96P20151A

[FBIS Media Note] As Guatemala gears up for its final round of presidential elections, 7 January 1996, press reports have focused on what presidential candidates Alvaro Enrique Arzu Irigoyen, National Vanguard Party (PAN), and Alfonso Portillo Cabrera, Guatemalan Republican Front (FRG) have said about their government plans. What follows are quotes by the two candidates on key issues.

Government Plan Priorities:

Arzu: "Security is a deeply felt need and priority, as are education, health, and the infrastructure. Basically, our plan rests on three fundamental pillars: to end discrimination, privileges, and misery.

"The reevaluation of institutions implies administrative training courses, decentralization, and a wider distribution of duties. Obviously, it is also necessary to clean up the various organizations that have ethics problems, vices, and corruption." (Guatemala City PRENSA LIBRE Sunday Supplement, 29 Oct 95)

Portillo: "The number one issue is decentralization. The second is to create a state of law, which means no privileges for anyone, no impunity, no exclusivism, and no untouchables." (CRONICA, 25-31 Aug 95)

Armed Forces:

Arzu: "Modern times call for the reduction of armies. In Guatemala, the Armed Forces should get involved in the process promoting work in the communities. Along with these changes in the Armed Forces, we will support the elimination of the position of military commissioner, and following the peace agreements, we will pay attention to how the Executive Office complies with commitments to strengthen civilian power and the role of the Army in a democratic society." (SIGLO VEINTIUNO, 11 Nov 95)

Portillo: "The Armed Forces should get out of the realm of government decision-making. They should also fulfill the mission of protecting the country's borders. The Army should get involved in development projects and should distance itself from the roles it has played over the past 30 years, such as control, intelligence, and counterinsurgency." (SIGLO VEINTIUNO, 11 Nov 95)

Peace Process:

Arzu: "To achieve the objectives of the peace accords so they benefit the thousands of Guatemalans affected by

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violence, we propose to carry out the following concrete actions: strengthen the Special Guatemalan Commission for Assistance to Repatriates (CEAR), increase funds designated to buy land, and allocate human resources and material to solve the multiple conflicts that have arisen as a result of the resettlement of repatriated, displaced, and refugee groups." (PRENSA LIBRE, 8 Oct 95)

Security:

Arzu: "The National Police (NP) and Treasury Police (GH) need to be professionalized. To achieve that, we propose to improve their training through specialized, multidisciplinary courses and form a single command combining the NP, GH, and Mobile Military Police." (SIGLO VEINTIUNO, 11 Nov 95)

Portillo: "The firm application of the law, effective police work, and drastic sanctions, against those implicated in illegal activities will be the basis of government policies. We will reinforce the work of security forces through incentives. Better salaries, adequate training, and a redistribution of police forces throughout the country will make it possible to reduce violence." (SIGLO VEINTIUNO, 11 Nov 95)

Justice:

Arzu: "Justice will be administered on an equitable basis. There will not be any privileges or special treatment. The Public Ministry will engage in a broader range of activities by means of human and financial contributions." (SIGLO VEINTIUNO, 11 Nov 95)

Portillo: "To carry out swift and fair administration of justice, the State requires a justice entity that is not subject to financial blackmail by other powers. The courts will be independent, and judges will hand down sentences without fear of repression or coercion." (SIGLO VEINTIUNO, 11 Nov 95)

Impunity:

Portillo: "We must reform those laws with loopholes that do not allow the rulers or those who are ruled to be tried. In particular, the Legal Penal Code must be modified; it must be made less complicated, and whatever red tape there is must be subordinate to common sense. Next, a respect for the law and its application must be established.

"The NP must be decentralized and communities must be allowed to select their own police commissioners and agents from within their own towns. The Public Ministry must be financially strengthened. It must be moderneized; it must effectively investigate crimes; it must work independently from the Executive." (SIGLO VEINTIUNO Sunday Supplement, 29 Oct 95)

Economy:

Arzu: "Already, the substitution of imports as a general measure has been exhausted, while on the other hand, international free trade is being imposed whether we like it or not. Therefore, we must prepare ourselves for what is coming, without sticking our heads in the sand.

"We have outlined the simplification of the administration as one of the steps of state reform and within that, the simplification of taxation has particular importance.

"We are against general policies of price ceilings, but we do not exclude price fixing for key products.

"We think subsidies in general are temporary and exceptional methods, and they should not be general but specific, that is to say, go directly to the beneficiary." (PRENSA LIBRE, 3 Sep 95)

"Guatemala should open up to foreign markets. It is essential for Guatemala to have fair prices and salaries. We will stimulate investment at all levels and look to increase taxes." (SIGLO VEINTIUNO, 11 Nov 95)

Portillo: "The way to leave behind backwardness, neglect, and injustice is to have clear rules. Our economic vision looks to end privileges and protectionism. Regarding financial issues, those who earn more should pay more taxes. If we want to become part of the great commercial markets, we will have to open ourselves to investment and compete under the same conditions." (SIGLO VEINTIUNO, 11 Nov 95)

Environment:

Arzu: "Of the many tasks needed to stop and reverse environmental deterioration, we will prioritize three strictly interrelated tasks: water, forests, and garbage disposal.

"We will modernize and strengthen the institutions involved in caring for the environment, and we will complete and enforce the legal standards thereof." (PRENSA LIBRE, 22 Oct 95)

Nicaragua

Reports on Police Clash With Student Demonstrators

Policemen Injured in 'Pitched Battle'

PA1312202295 Panama City ACAN in Spanish 1856 GMT 13 Dec 95

[FBIS Translated Text] Managua, 13 Dec (ACAN-EFE) — At least six policemen were injured during a

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pitched battle in front of the Presidential Palace between riot police and students who are demanding that the Nicaraguan Government increase the funding for the eight state universities in the country.

The incident started when the police began firing tear gas against students who had marched to the Presidential Palace and had tried to cross over the security fence that had been installed to protect the government installations.

In retaliation, the students attacked the police with rocks and homemade bombs (known as mortars). As a result, six policemen were injured, including Captain Hermes Romero.

In addition, an administration employee of the National Autonomous University of Nicaragua (UNAN), identified as Santos Padilla, was arrested by the police.

Managua radio stations reported that several students were beaten and adversely affected by the tear gas, which was used by the police in an attempt to disperse the demonstrators.

The students, who have been staging protests since last week, unsuccessfully tried to enter the National Assembly, which is next door and which is expected to approve in the next few hours the General Budget of the Republic for 1996.

The board of directors of the National Assembly suspended the sessions that were being held when the students began clashing with the riot police.

The vice president of the National Assembly, reformed Sandinist Reinaldo Antonio Tefel, told government-operated station, Radio Nicaragua, that the legislators will remain inside the building until the students leave the area.

The pitched battle between the riot police and the students continues in front of the Presidential Palace. It began following a march by some 3,000 university students to demand that the Nicaraguan Government increase funding for the eight state universities in the country.

The students and the authorities of the National Council of Universities (CNU) demand that the government allocate 6 percent of the national budget for public centers of higher learning.

Students Injured; Policeman Taken Hostage

PA1312205795 Managua Radio Ya in Spanish 1911 GMT 13 Dec 95

[FBIS Translated Excerpt] [First unidentified reporter] We have observed some of the front lines of student demonstrations, and the Lacayo controlled government is repressing university students in Somoza-like style. Students are condemning this attitude of repression on the part of Antonio Lacayo, who is leading this repression. Students are also condemning this sold out and submissive government, which has decided to repress the university community by demonstrating the most savage and violent ways of the Somoza dictatorship. This government is virtually the reincarnation of the Somoza dictatorship.

I do not know why the Nicaraguan people.... [pauses] as Vladimir, general coordinator of the university students, says, where is the tolerance?

[Vladimir] We want to see what the tolerance of this government is. It is attacking students, has closed the doors to dialogue. These are the mechanisms typical of totalitarian and Somozist governments, such as this government.

In this regard, fellow students, we are calling on human rights groups to intercede on behalf of the students. Students are not the only ones being affected here. The residents in the San Antonio settlements are suffocating.

[Second unidentified reporter] The Catholic Church, which has much influence here, should be here mediating before this sold out and bourgeois government.

[Third unidentified reporter] There are reports stating that at least two students are seriously injured at the Lenin Fonseca Hospital, according to hospital authorities. We repeat: there are reports stating that there are two students in critical condition at the Lenin Fonseca Hospital.

We are calling on the police, military forces, and this lady, Violeta Barrios, to order a stop to the shooting of students. This lady, Violeta Barrios, and Antonio Lacayo, who issues orders together with her, will be responsible for anything that may happen. We, on behalf of the Nicaraguan people, call on Violeta Barrios and Antonio Lacayo, who is in control along with her, to order an end to the shooting of students. If a student is killed following the violent police attack, a violent situation will emerge in the country, and Mrs. Violeta Barrios and Mr. Antonio Lacayo will be the only ones responsible.

We repeat: there are two students listed in very serious condition at the Lenin Fonseca Hospital.

It was also reported that a police or Army convoy entered the conflict zone on the side of the Olaf Palme Convention Center. This truck loaded with policemen has arrived to reinforce those who are shooting.

[Fourth unidentified reporter] We are in front of the police and are in front of the police [words indistinct]

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injured, injured three to four minutes ago. Police were firing shots into the air, although some students [words indistinct], and everyone dove for the ground. Police are sitting on the pavement. Most are semi-seated; they are in a combative position. This would seem like an Army is confronting another Army. The difference is that they have weapons. Students are at this point returning, and the police are armed around the National Assembly building.

We can still feel the aftermath of the tear gas. [passage omitted]

[Fifth unidentified reporter] At this moment, one policeman was taken hostage. [unidentified speaker shouts: "Stop the shooting! We are holding policemen as a guarantee for them to stop shooting"]

[Fifth reporter] Juan Francisco Guarema is the name of the policemen whom students have just taken hostage. Another two policemen were taken hostage. Guarema was taken hostage one block south of the Gonzalez Movie Theater. They will hold these policemen until police authorities stop shooting students who were demonstrating in this sector demanding 6 percent of the budget for the university communities. [passage omitted]

[Sixth unidentified reporter] Attention: blood is needed at the Lenin Fonseca Hospital. There are more than 15 students with bullet injuries in the Lenin Fonseca Hospital. Blood is needed badly. The hospital does not have enough blood to assist students injured by the police shooting. [passage omitted]

Radio Urges Police To 'Stop Shooting'

PA1312205995 Managua Radio Ya in Spanish 2004 GMT 13 Dec 95

[FBIS Translated Excerpt] We want to call on the police and military forces to stop shooting and using tear gas against the students. Police have been shooting and firing tear gas canisters for four consecutive hours against the students. There are 21 injured persons at Lenin Fonseca Hospital. We received an urgent request from the hospital for blood and the support of doctors and paramedical staff is needed.

Students, please stay calm. Students must try to keep calm. Clashes causing more bloodshed should stop. Enough blood has been spilled this morning, noon, and afternoon.

We call on the police, military forces, and President Violeta Barrios Chamarro to order a stop to the shooting of students. We need more calm; we need a truce. Calm must be reestablished to stop bloodshed. There are 21 students at the hospital. There is talk of a dead student. A delegation of students who came to Radio Ya reported the student's name as Roberto Caldera. We are trying to confirm this report on the death of this student. [passage omitted on background information]

Parliament Mediates; Riot Subsides

PA1412021295 Panama City ACAN in Spanish 2108 GMT 13 Dec 95

[FBIS Translated Text] Managua, 13 Dec (ACAN-EFE) — At least 23 students and 12 policemen were injured during the clash that took place today in front of the Presidential House at the conclusion of a march to demand that the Nicaraguan Government grant more funds to public higher education centers.

Sucommander Arnoldo Pastran, a spokesman for the police, has confirmed that the students "are holding hostage" four agents whose names were not revealed.

He also reported that approxinmately 10 students who participated in the riots were arrested by the police.

Low-income families that live in the area were affected by the tear gas launched by the police.

The confrontation between policemen and students subsided in the afternoon when a parliament mediation commission began to talk with student leaders and authorities of the National Council of Universities [Consejo Nacional de Universidades].

The incident was sparked when the police launched tear gas against the students who had marched to the government building and tried to cross security barriers. The demonstrators then threw rocks and home-made bombs known as mortars at the police.

The students and the authorities of the Council are demanding that the government grant 6 percent of the nation's 1996 budget to the higher education centers.

According to the Sandinist Radio Ya, one of the wounded students, identified as Roberto Calderon, died at Managua's Lenin Fonseca Hospital, something that has not been confirmed by official sources.

Following three hours of violent confrontations, the demonstrators withdrew from the vicinity of the government installations and "moved" toward the area of the Republica Square, located approximately 600 meters away from the Government Palace.

Sandinist legislator Natan Sevilla stated that the students are demanding that the riot police "move toward the National Assembly building" in exchange for the release of the four policemen they are holding hostage.

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Sevilla, who was a member of a mediating parliamentary commission, told reporters that the students are also demanding "an end to police repression."

About 460 riot policemen have been deployed around the Government Palace, the National Assembly, and the Finance Ministry, located in downtown Managua, to protect these installations, which the students unsuccessfully tried to enter.

In justifying the police actions, Commander Horacio Rocha said that, "in any country of the world, a situation like this one deserves drastic measures." In addition, he described as a "serious public order disturbance" the demonstrations staged at noon today in front of the Government Palace, where the students were about to "violate" the security system. These students yesterday occupied for several hours, in a spectacular action, Managua's "Las Mercedes" International Airport.

Due to these protests, Nicaraguan President Violeta Chamorro did not travel to San Pedro Sula (Honduras) to attend the 17th Central American Summit and sent Vice President Julia Mena instead.

Government Issues Communique on Clash

PA1412022595 Managua Radio Nicaragua Network in Spanish 0030 GMT 14 Dec 95

[Communique read by Mario Amador, director of the Information and Social Communications Directorate, DICS, of the Presidency]

[FBIS Translated Text] On the occasion of the approval of the Republic's general budget by the National Assembly, which includes discussion of a 6-percent budget allocation for universities, the signers, members of the National Council of Universities, headed by its president Dr. Ernesto Medina, and a government delegation appointed by President Violeta Barrios de Chamorro and headed by Presidency Minister Julio Cardenas, have met to analyze the situation and create conditions to facilitate the search for a solution. With this in mind we have agreed to the following:

1. Rectors will request that students return home, and the government will order the police to withdraw and continue their normal work.

2. Investigations will begin on the incidents that resulted in some students and policemen being injured. An autopsy will be carried out on the person who perished.

3. Members of the university community under detention will be freed.

4. Tomorrow, a tripartite meeting will be called, comprising the National Assembly, the National Council of Universities, and the government, in order to find an appropriate solution to the problems that have arisen from the Constitution's Article 125 regarding the 6-percent allocation.

5. The media are urged to contribute toward reestablishing the public peace.

Issued in the City of Managua at 1720 on 13 December 1995.

Signing on behalf of the Nicaraguan Government are: Presidency Minister Julio Cardenas Robleto, Government Minister Engineer Sergio Narvaez, Finance Minister Emilio Pereira, Labor Minister Francisco Rosales, Deputy Presidency Minister Thomas Delaney.

Signing on behalf of the National Council of Universities are: Dr. Ernesto Medina Sandino, president of the National Council of Universities; Francisco Guzman, rector of the UNAN [National Autonomous University of Nicaragua] in Managua; Arturo Collado Maldonado, rector of the UNI [National University of Engineering]; Father Javier Gorostiaga, rector of the UCA [Central American University]; Oscar Castillo, secretary general of (CECITUN); Sergio Dennis Garcia, rector of the Upoli [Nicaraguan Polytechnical University].

It was also agreed at this meeting that those attending will not issue any statements to the press to allow the students to receive this document and also allow for things to work out the best way possible.

Liberal Party President on Electoral Strategy

PA1212194595 Managua BARRICADA in Spanish 4 Dec 95 pp 1, 7

[Interview with Wilfredo Navarro, president of Independent Liberal Party, by Noel Irias in Managua; date not given — first two paragraphs are BARRICADA introduction]

[FBIS Translated Text] Independent Liberal Party [PLI] President Wilfredo Navarro was chosen as the running mate of presidential candidate Virgilio Godoy at his party's convention.

Navarro talked at length to BARRICADA about his party's electoral strategy and the negotiations with the Liberal Constitutionalist Party [PLC] and the FSLN [Sandinist National Liberation Front].

[Irias] What is the PLI's electoral strategy following the convention?

[Navarro] We are launching our electoral campaign, our strategy of broad opening toward convergence with the country's various democratic political forces. This makes it mandatory to open processes of communication

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and negotiation that had been handled unofficially before the convention.

Now we are going to begin a firm process of political negotiation with the priority goal of creating a force that constitutes an electoral option with possibilities of victory in which democratic forces participate.

We are convinced one party alone cannot win the country's elections, and, more importantly, it is not so much that it cannot win the elections but, rather, that one party cannot provide a coherent solution to the crisis Nicaragua is experiencing.

We have decided that the democratic forces that can join us in this effort are those that basically uphold the concept of unrestricted support for the right of ownership, human rights, the rule of law, and respect for the supremacy of the law.

[Irias] What are the names of these future allies?

[Navarro] I could not give you names right now, because we are in the process of establishing communications. Let me tell you: It is a sin in politics to begin by making exclusions.

[Irias] Aren't you excluding an alliance with the Sandinists?

[Navarro] Every political force that shares Liberal democratic ideals and principles cannot be excluded. A Nicaragua for everyone must have the participation of all Nicaraguans. It is very important to establish this point, because many forces in this country say that they want democracy and freedom and that they defend the workers, yet they undo their words with their actions and statements. Thus, we are analyzing the behavior of the democratic forces so as to be able to define which ones will be our electoral allies.

[Irias] Is a future Liberal alliance ruled out already?

[Navarro] We have not ruled out the topic of a Liberal alliance. That is a hope we are trying to keep alive. Even after uniting the Liberal family, we would continue seeking an opening toward the other forces that can support us in the effort of contributing with democracy.

[Irias] What is hampering a Liberal alliance?

[Navarro] We are saying all Liberal institutions must disappear so as to give rise to a single Liberal political organization in order to achieve a Liberal unity. The other Liberals understand unity as a corporation, however, in which there is a majority partner. The PLI is proposing that we clearly define whether this is an alliance, what is the role of each one of the political parties within the alliance, and this is what the PLC does not accept. They are saying: Let us form an alliance and see what role each party plays later.

We are going to join that alliance but not as the tail end or as silent partners in that Liberal alliance, because we have much to contribute to the unity or alliance process.

[Irias] As far as we know, the PLC offered you juicy posts in the unity talks. Is that true?

[Navarro] In the discussion on the role of each party, we understood that the proposal was to give a 32 percent share to the PLI and a 68 percent share to the PLC.

We reached a specific agreement with Arnoldo Aleman following a month and a half of negotiations in which it was agreed the PLI would have 14 deputies, two autonomous bodies, one decentralized organization, the presidency of the unified Liberal Party, and the mayoralties of Managua and other cities. That proposal was attractive, and we accepted it. A week after the proposal was made, and in Aleman's absence, PLC leaders said the proposal was reduced to less than 50 percent for us. That forced us to withdraw from the conversations, and Aleman called me afterward to tell me either to accept what they were offering me or to forget the alliance. We do not accept that kind of imposition.

[Irias] Is Virgilo Godoy's candidacy negotiable?

[Navarro] For me, the unity of Liberalism is worth more than any candidacy. I understand Godoy is a man who has a high regard for unity, and, for us, the unity of Liberalism is worth more than a candidacy.

The negotiation is open; everything is negotiable. We espouse the cause of Liberalism, but we are not martyrs. If the PLI adopts an open position, the PLC has to do likewise.

[Irias] Everything is negotiable?

[Navarro] It is, but there has to be reciprocity. We feel we must head toward unity or alliance without any strong-arm tactics, preconceived notions but, rather, think in terms of, say, I give to you, you give to me, I offer you.

[Irias] What are you proposing in the face of that inevitable factor; that is, the FSLN?

[Navarro] We must have dialogue if we truly want to pave the way toward democracy. We have to learn to respect each other and understand that one cannot impose one's views on the FSLN. Also, the time has passed in which the FSLN tried to impose its ideas.

We must hold talks with all the political forces in Nicaragua to create the electoral climate favorable to make the 1996 elections a democratic feast. We can

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reach consensus among all of the country's forces about an electoral ethic.

Now, the position by Liberals and, primarily, the independent Liberalism is certainly not very close to that which the FSLN has held.

The FSLN is responsible for showing the Nicaraguan people that it has really changed and that it will not adopt the positions of the past because the problem is that everybody is afraid of it.

We are talking about the FSLN in general. We believe all the forces that have participated in the FSLN government must show the people they have really changed and have a true commitment with democracy.

[Irias] In real, political terms, now, the percentage of votes they are likely to obtain makes the Sandinists important for an electoral victory?

[Navarro] I believe the crux of the matter will be in the second round. Most parties want to prove themselves, and it will be in the second round when we will see a negotiation process with all the political forces that come out on top.

Authorities Uncover Illegal Arms Shipment From Miami

PA1212234595 Managua EL NUEVO DIARIO in Spanish 12 Dec 95 pp 1, 8

[FBIS Translated Text] The Directorate of Economic Investigation [Direccion de Investigacion Economica — DIE] and Customs uncovered yesterday afternoon a contraband of high-caliber weapons from Miami, when it entered Managua in a container supposedly carrying household items.

A source, who remained anonymous for security reasons, told this newspaper that the shipment includes three UZI machine guns, several 3.80 caliber and 9mm pistols, a rifle outfitted with a sharpshooter's scope, and 2,000 rounds of various caliber ammunition.

The mysterious shipment was first taken to El Rama, where it remained several days unchecked by local customs officials. The source explained that normally these sort of shipments [household goods] are not checked, but the container was searched due to strong DIE suspicions and then they met with the surprise deadly shipment.

The arms shipment was brought into the country in the name of a person who we will not disclose yet until the proper authorities investigate and make charges.

The container was being inspected yesterday afternoon in the CADELSA warehouse, located south of the Shell service station located at the 7 km marker on the north highway. The case has been forwarded to the office of Roman Bonilla at the DGA [General Customs Directorate].

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Argentina

Industry Leader on U.S. Envoy's 'Extortion' Policy

PY1312170595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1434 GMT 13 Dec 95

[FBIS Translated Excerpt] Buenos Aires, 13 Dec (NA) — Humberto Roggero, the Chamber of Deputies Industry Committee chairman, today emphasized that U.S. Ambassador James Cheek is pursuing "a full-fledged policy of extortion and pressure to achieve the economic goals of some sectors of the country he represents," as it is against the Patent Law that has been approved by the Chamber of Deputies. [passage omitted]

In Roggero's opinion, the U.S. ambassador "has been demonstrating a populist demagogic attitude, disguising his full-fledged policy of extortion and pressure to achieve the economic goals of some sectors of the country he represents."

In remarks to a radio station, the PJ [Justicialist Party] deputy for Cordoba Province noted that Cheek "has never viewed Argentina as a first-rate country, but rather as a banana republic." Roggero said: "He has treated us like a country similar to Burundi or Suriname."

Roggero criticized the Foreign Ministry's lack of response to the U.S. ambassador's remarks. In this regard, he pointed out: "There are some government officials there who celebrate these types of remarks and fail to take the responsibility that these remarks entail."

Roggero noted that it is one thing for Cheek "to represent his country's interests, but quite another thing to admit extortion and disrespect."

Roggero said: "I believe Cheek wants the U.S. laboratories to collect some royalties on the patents, royalties that will be paid by the people purchasing medicine."

Roggero emphasized that, "in addition to other things," the U.S. ambassador "is constantly pursuing a policy of extortion to champion the interests of the economic groups that he is representing." He said that the Clinton administration's representative "is solely a lobbyist ambassador."

Pharmaceutical Lab Director on Patent Law Issue

PY1312132695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2306 GMT 12 Dec 95

[FBIS Translated Text] Buenos Aires, 12 Dec (NA) — Pablo Challu, the Argentine Industrial Center of Pharmaceutical Laboratories (CILFA) executive director, today warned the government that, unless it takes firm actions with regard to the patents issue, in the future it would become necessary "to file requests with U.S. Trade Representative Mickey Kantor or U.S. Ambassador James Cheek."

Thus, the Argentine pharmaceutical laboratories asked the Foreign Ministry to take a "very firm and solid" stand vis-a-vis the U.S. pressures to amend the Patent Law voted on in Congress.

The Argentine laboratories' tough stance indicates the level of strain caused by the Patent Law issue after Congress repealed a regulatory decree drawn up by the Economy Ministry, a decree with which the foreign laboratories were in agreement.

CILFA announced that it would send a letter to the Foreign Ministry, asking for an explanation of the reasons that led Argentina "to freely give up a five-year transition period to which, pursuant to the GATT Agreement, it is entitled, as this represents a $500-million loss for our country."

In a communique, Challu points out: "When Argentina gave up five of the 10 years established by the GATT Agreement, we were told that this had been done to reduce the pressures exerted by a sector of the U.S. pharmaceutical industry, but now we see that this has been worthless; quite the contrary, pressures have been increased."

The CILFA director noted that the situation raised by the assumption that the United States could punish Argentina for disagreeing with the Patent Law voted in Congress represents a "total subversion of democratic institutions."

Challu emphasized: "If the Foreign Ministry does not take a firm stance, in the future it would be better to begin considering the possibility of asking for an audience with Cheek or Kantor to resolve Argentina's domestic problems, as this would be the result of the forced path that is being proposed to us."

Economy Ministry Releases New Organization Chart

PY1312171895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2202 GMT 12 Dec 95

[FBIS Translated Text] Buenos Aires, 12 Dec (NA) — The following changes have been made in the Economy Ministry's organization chart:

Minister: Domingo Cavallo

Secretariats:

— Trade and Investments Secretariat: Carlos Sanchez

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Under Secretariat for Banking and Insurance Affairs: Amalia Martinez

Foreign Trade Under Secretariat: Jorge Ingaramo

— Finance Secretariat: Ricardo Gutierrez

Public Revenues Under Secretariat: Jose Maria Ferre

— Energy, Transportation, and Communications Secretariat: Carlos Bastos

— Secretariat for Legal, Technical, and Administrative Coordination: Horacio Liendo

Under Secretariat for Institutional Relations: Jose Tagliaferri

Under Secretariat for Fiscal Relations With Provinces: Ricardo Sosa

— Industry and Mining Secretariat: Carlos Magarinos

— Agriculture, Livestock, and Fishing Secretariat: Felipe Sola

Fishing Under Secretariat: Eduardo Pucci

Foodstuffs Under Secretariat: Felix Cirio

— Economic Programming Secretariat: Juan Jose Llach

Abolished secretariats: Mining Secretariat, Secretariat for Banking and Insurance Affairs, Public Revenues Secretariat, Transportation and Communications Secretariat, and Institutional Relations Secretariat.

Radical Civic Union Releases Shadow Cabinet List

PY1312231695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0023 GMT 13 Dec 95

[FBIS Translated Text] Buenos Aires, 12 Dec (NA) — Rodolfo Terragno, the chairman of the Radical Civic Union [UCR] executive committee, today disclosed the names of the members of the shadow cabinet presided over by Deputy Jesus Rodriguez, the object of which will be to exert "an absolutely rigorous control of power and to put together an alternative government proposal."

Economist Adalberto Rodriguez Giavarini was appointed shadow economy minister; Carlos Perez Llana, from the pro-Angeloz [former Cordoba Province governor] faction, was nominated shadow foreign minister; Ricardo Gil Lavedra, a consitutionalist, shadow justice minister; and Angel Tello [Buenos Aires Province deputy], from the pro-Storani faction, shadow defense minister.

The other members of the shadow cabinet are: Juan Manuel Casella (interior); Angel Plastino, the rector of La Plata University (education and science); Alfredo Allende, an attorney specializing in labor law (labor and social security); and Carlos Fernandez, the dean of the School of Medicine of the National University of Tucuman (health and social action).

The shadow cabinet also created four secretariats to be headed by the following secretaries: former Deputy Raul Baglini — planning for development; Chaco Province [deputy] Elisa Carrio — social development; Cordoba Province [deputy] Antonio Hernandez — strengthening of federalism; and [Buenos Aires Province deputy] Silvia Vazquez — natural resources and ecology.

During a news conference called jointly with Rodriguez at the UCR headquarters, Terragno explained that "the shadow cabinet will report about all the objections it has to the incumbent administration's current policy and the decisions it would make if it were in power."

Terragno asserted that the UCR will propose "alternatives on an area-by-area basis and draw up the profile of the UCR project for the future." Shadow planning secretary Baglini will be in charge of this latter task.

Rodriguez, for his part, enumerated the qualifications of the newly appointed "shadow" cabinet members and secretaries and underscored their "expertise, democratic commitment, and straight record."

"We are not going to adopt a paranoiac attitude and criticize for the sake of criticizing; we are going to exert an absolutely rigorous control of the incumbent administration and propose alternatives for achieving social progress," he added.

Besides establishing eight "shadow" ministries, the UCR also appointed some secretaries who are to answer to the shadow ministers.

At the shadow foreign ministry, economist Beatriz Nofal was named Mercosur and regional integration secretary and Raul Alconada, Latin American affairs secretary.

At the shadow economy ministry, Daniel Montamat will be foreign trade and industry secretary; at the shadow defense ministry, Jose Ugarte is to fill the position of military affairs secretary, and Walter Ceballos will hold the post of university policies secretary at the shadow education ministry.

Eduardo Santin has been appointed social security secretary at the shadow labor ministry. The secretaries who will answer to the shadow minister in charge of the health portfolio are: Norma Cadoppi (health and environment), Elisa Carca (social action), and Gaston Ortiz Maldonado (prevention of drug addiction).

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Menem Departs 13 Dec for Geneva, Madrid

PY1312203395 Buenos Aires TELAM in Spanish 1739 GMT 13 Dec 95

[FBIS Translated Text] Buenos Aires, 13 Dec (TELAM) — President Carlos Menem left for Geneva today aboard the Tango-1 presidential plane which took off from Ezeiza International Airport at 1430 local time [1730 GMT]. Menem will visit Lausanne (Switzerland) and then Madrid.

In Lausanne, Menem is scheduled to attend a meeting of the International Olympic Committee, to whom he will formally propose Buenos Aires as the venue for the 2004 Olympic Games. In Madrid, the president will participate in the signing ceremony of a framework agreement between the EU and Mercosur [Common Market of the South] on 15 December.

Agreement on Fiscal Issues Signed With Denmark

PY1312233295 Buenos Aires TELAM in Spanish 2238 GMT 12 Dec 95

[FBIS Translated Text] Buenos Aires, 12 Dec (TELAM) — The Argentine Government this afternoon signed an agreement with the Danish Government to prevent double taxation and tax evasion by companies operating in either country.

The agreement was signed at the Foreign Ministry by Foreign Vice Minister Fernando Petrella, representing Foreign Minister Guido Di Tella, and Danish Ambassador to Argentina Leif Donde.

Petrella emphasized the importance of the agreement that "complements a promotion and protection agreement" that was signed by the two countries in 1993.

Petrella said: "These agreements favor trade and economic relations as they provide a reliable framework for trade deals."

Petrella also emphasized: "It favors our country with investments that will increase economic activities and will create more jobs."

Brazil

Further Reports on Sivam Amazon Surveillance Project

Senate Opposition to Contract 'Increasing'

PY1412022395 Sao Paulo AGENCIA ESTADO in Portuguese 2222 GMT 13 Dec 95

[By Rosa Costa]

[FBIS Translated Text] Brasilia, 13 Dec (AE) — The government request for funds that are necessary for the implementation of the Amazon Region Surveillance System (Sivam) is facing increasing opposition in the Senate. The senators who were today consulted by AGENCIA ESTADO said that this opposition is a reaction to the briefing by Aeronautics Minister Lelio Lobo on 12 December. The minister could not clarify the charges of irregularities that the National Accounting Office (TCU) pressed against the members of the commission charged with negotiating the Sivam contracts, the CCSivam [Sivam Coordinating Commission]. Many lawmakers said that minister Lobo's briefing was "disastrous."

"I was deceived on all the agreements on Sivam," said Senator Ney Suassuna (PMDB-PB) [Brazilian Democratic Movement Party-Paraiba], who approved the terms of the contract in December. "The impression now is that a lot still remains unknown." Suassuna said he does not know any senator who would be willing to endorse the position of the National Defense Council, which supports Sivam the way it was negotiated by CCSivam. The senator today showed a report on Sivam — entitled "Hello, What About a Tip?" — published in this month's issue of U.S. LIFE magazine. The report reflects the difficult situation that President Fernando Henrique Cardoso is experiencing. "We want to begin everything anew, without any doubts on the righteousness of those negotiations," the senator said.

Even though Senator Ramez Tebet (PMDB) (Mato Grosso do Sul), the rapporteur of the Special Senate Commission that is looking into Sivam, is keeping his report secret, everything seems to indicate that he will no longer support the government's efforts to maintain the contract. Tebet said the TCU report is "the most important document" on Sivam in the hands of the Commission, "from the point of view of both the information it has and its origin," he added. PMDB leader Jader Barbalho (Para) has said that the TCU report, which noted the irregularities in the relations between the Air Force and Esca [Automation and Control Systems Engineering], was the outcome of a process that had an improper beginning. "The TCU report is the Fiat Elba, the Eriberto of the Sivam contract," he said. He was referring to an irregularity during the Fernando Collor administration, and to a driver, who became a key factor for the process of impeachment of the former president. Pro-government Senator Jefferson Peres (PSDB-AM) [Brazilian Social Democracy Party—Amazonas] said that there is no way out for the contract signed with Raytheon except for its cancellation. "The lack of credibility is so great that we had better begin from scratch," he stressed.

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Report: Firm Paid Commission Members

PY1312175795 Sao Paulo AGENCIA ESTADO in Portuguese 0038 GMT 13 Dec 95

[FBIS Translated Excerpt] Brasilia, 12 Dec (AE) — The National Accounting Office (TCU) report on the Sivam [Amazon Region Surveillance System] contract reveals that besides paying six of the nine members of the Aeronautics Ministry Sivam Coordinating Commission, CCSivam, ESCA [Automation and Control Systems Engineering] also paid, on a monthly basis, Aeronautics Ministry officials, military officers, and employees contracted as "autonomous renderers of services." Two of the officers, Brigadier Emanuel A. O. Serrano, and Colonel Mario Jesus C. Rosa, introduced themselves in the Senate as Aeronautics Ministry congressional advisers. In September 1993 they received salaries that correspond to the current value of 2,152 reals [R] and R1,700 respectively.

"The congressional advisers who spoke with me were being paid by ESCA," said Senator Eduardo Suplicy (PT-SP) [Workers Party-Sao Paulo]. "It is impossible to know where the interests of the government end and where those of ESCA begin," he added. The TCU report mentions seven colonels receiving R2,152 monthly salaries.

The TCU audit also reports that despite being contracted as autonomous renderers of services, ESCA also granted them benefits entitled to employees hired under the Consolidated Labor Laws (CLT) system, like vacations, bonuses, and Christmas bonus. "The payment of such benefits represents an irregular action because it disrespected the revenue service," the TCU report states. [passage omitted]

Minister's Explanation Leaves 'Doubts'

PY1312173295 Sao Paulo AGENCIA ESTADO in Portuguese 2211 GMT 12 Dec 95

[Report by Rosa Costa]

[FBIS Translated Text] Brasilia, 12 Dec (AE) — Aeronautics Minister Brigadier Lelio Lobo today did not manage to convince the senators that the government has acted correctly in the contracts with the U.S. company Raytheon and ESCA [Automation and Control Systems Engineering] for the installation of the Amazon Region Surveillance System (Sivam). Yesterday, from 1050 to 1430, Brig. Lobo testified in the Senate, before the Special Senate Committee that is investigating the contract. For nearly four hours the minister spoke about the role of the Aeronautics Ministry in the implementation of the flight control systems Dacta I, II, and III. During his deposition, however, he did not manage to refute the senators' charges that the government had no control of the negotiations for the implementation of the Sivam.

"His explanation has left many issues unclear," said Senator Ramez Tebet (PMDB-MS) [Brazilian Democratic Movement Party-Mato Grosso do Sul], rapporteur of the Sivam project. "The minister made an effort, but there are still doubts," added Senator Romeu Tuma (without a party-Sao Paulo). Brig. Lobo said that initially, he would not refer to the report drawn up by the National Accounting Office (TCU), which points to "promiscuity between the Aeronautics Ministry and ESCA," because it is a classified document. Lobo was forced to change his mind in light of a question posed by the senators. He told PMDB leader Senator Jader Barbalho (PMDB-PA) [Para] that he did not know of a connection between ESCA and Raytheon before the U.S. company had been chosen to supply the Sivam equipment. "When we suggested that the president begin again and call for a bid, we just wanted to prevent this kind of situation," said Barbalho. "It was a sad and painful strip-tease of the Sivam," he added.

Senator Roberto Requiao (PMDB-PR) [Parana] said he would vote against the presidential message renewing the authorization petition for foreign loans for the project. He did not accept Brig. Lobo's answer that the Aeronautics Ministry does not know the price of the radars and of other equipment negotiated among Raytheon and other private companies. Lobo said that given that it is a consortium, there are several procedures among the private companies "that are not transparent."

Lobo said that only recently he learned that ESCA paid six of the nine members of the Aeronautics Ministry Sivam Coordinating Commission, CCSivam. He said that when he became minister during the Itamar Franco administration he kept the same officials "because they were all known." "I confess that perhaps it was my mistake," he said, expressing regret. "I do not yet know why they are still receiving money from ESCA." The officials and military officers mentioned in the TCU report participated in the commission with Lobo.

For Senator Eduardo Suplicy (PT-SP) [Workers Party-Sao Paulo], Lobo, as a result of the irregularity, received in his office the Aeronautics Ministry congressional advisers without knowing that they were all being paid by a company commercially interested in the project. "Would Your Excellency find it normal for an adviser of Finance Minister Pedro Malan to be paid by Citicorp or by Bradesco [Brazilian Discount Bank]?" Suplicy asked indignantly. Lobo attempted to smooth over the facts by saying that the final decision on the Sivam was not made by those advisers — despite the fact that they

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held important positions in the CCSivam — but by the Armed Forces General Staff.

Scientists Seek Greater Participation

PY1312205995 Rio de Janeiro JORNAL DO BRASIL in Portuguese 10 Dec 95 p 4

[Article by Luciana Nunes Leal]

[FBIS Translated Excerpt] Creating a system to repress drug trafficking, smuggling, to prevent the invasion of Brazilian air space, and the deforestation of the Amazon region is a praiseworthy initiative, but the decision to turn the project into a national priority and to give its administration to a U.S. company should be reviewed. Such are, in general terms, the contents of the document drawn by researchers from the Coordination Board of Postgraduate Programs in Engineering (Coppe) from the Rio de Janeiro Federal University. On 7 December, these experts questioned 12 members of the Aeronautics Ministry's Sivam [Amazon Region Surveillance System] Control Commission, CCSivam. For the first time, the Aeronautics Ministry representatives revealed in detail the purpose of the Sivam and how it will be implemented. The conclusions of the experts were sent on 8 December to Sergio Ferreira, president of the Brazilian Society Science Development, who will draft a final letter that will be sent to President Fernando Henrique Cardoso, senators, and deputies.

Engineers, geography and physics experts were satisfied with the technical explanations about the installation of controls through radars, satellites, and a network of computer terminals that will store information on the Amazon region. However, they were not satisfied at all with the confirmation that the United States will earn much more than Brazil with the manufacturing of equipment and hiring of labor. Of the total $1.4 billion that will be spent on the project, 38.8 percent ($547 million) will remain in Brazil. The remaining 61.2 percent ($848 million) will go to the United States. [passage omitted]

Radar Orders Transferred to New Firm

PY1312221595 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Dec 95 p A8

[Article by Fernando Granato]

[FBIS Translated Text] Tecnasa Eletronica Profissional, the enterprise that has been chosen by the federal government — without a tender bidding — to supply metereological radars and radio navigation assistance system for the Amazon Region Surveillance System [Sivam] project has transferred the radar orders to another enterprise, Tectelcom. Tecnasa, which is in a critical financial situation, is being sued by the Labor Court and the First Civil Court of Sao Jose dos Campos, due to an unpaid debt it has contracted with the Bank of Brazil.

In addition to transferring the contracts, Tecnasa has decided to sell the patent of its main military projects to Tectelcom Aeroespacial Ltda, which belongs to the Tectelcom Tecnica em Telecomunicacoes' group. This group is leading in sales in the satellite signal receivers market. Commenting on Tecnasa's decision to transfer to Tectelcom technology and patents of its main military projects, former Tecnasa President Agenor Luz Moreira said: "We have evidently been paid for that."

According to the government's contract with Raytheon, the U.S. company that will supply the main equipment for the Sivam project, Tecnasa would have been subcontracted by Raytheon to supply between eight and 12 metereological radars, in addition to systems for radio navigation assistance and VHF communication. Tecnasa would receive nearly $25 million of the overall $1.4-billion contract for the implementation of the Sivam project.

Due to the presence of two retired Aeronautics officers on its board of directors, Tecnasa obtained technology to develop metereological radars from the Aerospace Technical Center.

Agenor Luz Moreira said that while he was president of the Association of Brazilian Aerospace Industries [Associacao de Industrias Aeroespaciais do Brasil — AIAB], he defended the need of a tender bidding for the implementation of the Sivam project.

As Tecnasa president, Moreira admitted that an international bidding would harm the enterprise because the foreign industries would not have to pay for taxes that are normally collected from Brazilian enterprises.

Tecnasa has been one of the enterprises affected by the crisis that has shaken the Sao Jose dos Campos aerospace area, together with the Brazilian Aeronautics Company; Avibras Aerospace Industry, Inc.; and the Specialized Engineers, Inc. Company.

[Sao Paulo O ESTADO DE SAO PAULO in Portuguese publishes in the same issues on the same page an article entitled: "Before the Crisis, the Aeronautics Ministry was Tecnasa's Main Client." The article adds that "before the 1980's crisis, 90 percent of Tecnasa sales resulted from contracts signed with the Armed Forces"; that "during Collor's administration Tecnasa had a project contemplating the sale of six metereological radars to the Agriculture Ministry"; that "the sale never took place"; that "Tecnasa's financial crisis is very similar to that of Automation and Control Systems Engineering, Esca, which the federal government had

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chosen as the national enterprise that would manage the Sivam project"; and that "after being excluded from the Sivam project, Esca closed its doors due to financial difficulties and failure to pay its employees' salaries, having then transferred some of its employees to the Aeronautics Ministry."]

Deputy Decries 'Foreign Interests'

PY1312155195 Sao Paulo AGENCIA ESTADO in Portuguese 0028 GMT 13 Dec 95

[Report by Julio Ottoboni]

[FBIS Translated Text] Taubate, Sao Paulo, 12 Dec (AE) — The crisis of the Amazon Region Surveillance System (Sivam) is being manipulated by foreign interests. This charge was raised by Deputy Francisco Rodrigues (PPB-RR) [Brazilian Progressive Party-Roraima], member of the National Defense Committee of the Chamber of Deputies, who visited the Army Aviation Command [Comando de Aviacao do Exercito-Comavex] in Taubate, Sao Paulo, today. According to Deputy Rodrigues, foreign pressures to internationalize the Amazon region are increasing with the various charges that are being raised against the Sivam project and with the delay in its implementation. "There are lobbyists subtly defending such interests in Congress," he said. His visit to the military base was made at the invitation of Army Minister Zenildo Zoroastro de Lucena, who did not want to speak to the media.

Together with other members of the National Defense Committee, Rodrigues said that the Amazon congressional bloc has given President Fernando Henrique Cardoso, upon his return from Argentina, a document anticipating some attacks against the Sivam project. In the document, senators and deputies warn against the "professed interests" of international organizations in the Amazon region, as well as against the change of attitude of Senator Gilberto Miranda (PMDB-AM) [Brazilian Democratic Movement Party-Amazonas].

Rodrigues accuses Miranda of lobbying for companies involved in the project." [no opening quotation marks received] Rodrigues said that Miranda, who currently opposes the Sivam project, should publicly explain his change of opinion in Congress.

Rodrigues fears that a document prepared by the United Nations establishing the profile of indigenous peoples will contribute to the pressures that are being exerted to separate the Amazon region from the national territory and further delay the implementation of the Sivam project. According to Rodrigues, the project is still opposed in several rich countries and even in the U.S. Pentagon. "The Sivam is the only program capable of clearly monitoring the attacks of organizations with dubious presence in the Amazon region," he said.

Commentary Views Economico 'Pink File' Folder

PY1312181495 Rio de Janeiro JORNAL DO BRASIL in Portuguese 8 Dec 95 p 2

[From the "Political Matters" column by Dora Kramer]

[FBIS Translated Text] Those who have seen the pink file folder found at the Economico Bank, which had the names of politicians whose electoral campaigns were allegedly financed by Angelo Calmon de Sa, say that the file is extremely similar to the numbers game list made public in Rio de Janeiro, with the names of Rio de Janeiro politicians and policemen linked to criminal activities. According to a Central Bank director, the file is full of names, codes, numbers, greek numbers, and incomprehensible notes that may indicate not only possible electoral crimes, but also forgery of documents and tax evasion.

This is why the legal department of the Central Bank has sent a document to the Attorney General's Office asking the police to expand investigation to issues that go beyond pure and simple donations of money for electoral campaigns.

On 7 December, the Central Bank reported that the decision to publish this file is part of a very well-plotted plan to make the sale of the Economico Bank to Excel impossible. According to the Central Bank, the scandal will make it very difficult to sell the Bahia bank because Excel will probably lose interest in purchasing any financial institution in Bahia State now that all members of the Central Bank board of directors — and Finance Minister Pedro Malan as well — are under powerful fire by Senator Antonio Carlos Magalhaes' group.

"Banking business issues are very sensitive, and whenever there is any political problem, those involved tend to retreat from the issues," a Central Bank director said. With regard to differences, some have even compared the current situation to the difficulties encountered in resolving the situation of the Sao Paulo State Bank, where the problem has political as well as technical aspects.

According to the aforementioned Central Bank director, the Bahia bank people are falling into a trap without realizing which people are interested in seeing the situation develop. Voicing the feelings that the entire Central Bank board had on 7 December, he said: "The Economico Bank's sale was under way, Bahia State was about to have its bank back, and the situation was about to become peaceful. Who would have been interested in destroying all that?"

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He revealed that some days ago, Angelo Calmon de Sa sent a letter to the Central Bank proposing to resume the Economico Bank control. The Central Bank is keeping the circumstances in which this control would be resumed secret, but it is believed that Calmon de Sa's letter is enough to show the degree of folly that is possessing the former owner of the Economico Bank.

The atmosphere reigning among the members of the Central Bank board of directors on 7 December was very different from the one that prevailed the Monday after the Central Bank put the Economico Bank under trusteeship. On that day, and exposed to the same fire from the Bahia group, the entire board of directors was ready to resign.

On 7 December, however, the situation was different. The directors' position was that they have nothing to do with a document found in the Economico Bank coffers, after it had been kept there for some time, and had only been disseminated now — when the Economico Bank is about to be purchased by the Excel — for some special reason or by someone whom everybody suspects but no one dares accuse directly for lack of evidence.

Although Antonio Carlos Magalhaes directly raised suspicions about Claudio Mauch, Central Bank supervision director, in the fax he sent to Gustavo Loyola on 5 December, the board did not feel offended or consider the charges for the simple fact that it is obvious to everybody that the Central Bank would not profit at all by making the file known.

Everyone's impression at the Central Bank was that "the crisis would not last more than one afternoon." Well, this may ultimately indeed be the case, but the consequences of the incident could have negative results. One of these negative results is the board of directors' impression that this incident will probably make the sale of the Economico Bank impossible. Another negative outcome is that this incident may result in a police investigation.

In the political area, the crisis caused more nervousness in the morning; by late afternoon, everyone had calmed down. The high command of the Liberal Front Party [PFL] has met, examined the documents of the pink file folder, and concluded that none of its contents could incriminate anyone.

It must be noticed, however, that this is not what the experts of the Central Bank legal department felt when they examined the documents. This was so much the case that they sent the documents to the Attorney General's Office with a request for broad and detailed clarifications. This, however, does not constitute a pretrial ruling because, according to a Central Bank director, what is in those documents is so complex and undecipherable that it might just as easily reveal a lot or almost nothing.

In the opinion of politicians, the second hypothesis may be the one that prevails. Therefore, a certain serenity invaded the PFL members at the end of the day. They no longer talked about dismissing Gustavo Loyola and replacing him with Luis Carlos Mendonca de Barros, as had been mentioned some hours before. The fire against the Central Bank decreased as the day passed, although it could not be said that peace already reigned.

A meeting between Senator Antonio Carlos Magalhaes and President Fernando Henrique Cardoso was expected for the evening of 7 December, so that they could, through a frank talk, seek a swift and definitive solution to the problem.

President Installs State Reform Council

PY1212184795 Sao Paulo AGENCIA ESTADO in Portuguese 2232 GMT 8 Dec 95

[By Tania Monteiro]

[FBIS Translated Text] Brasilia, 8 Dec (AE) — Intellectuals, entrepreneurs, and economists will help the government design the state reform. At a ceremony in Brasilia, President Fernando Henrique Cardoso today installed the State Reform Council, which will be headed by former Finance Minister Mailson da Nobrega. According to Cardoso, the council's task will go far beyond the reform of the administration's bureaucracy. "It means to design a modern state, a contemporary state and its relations with the productive sector, with the political sector, and with the bureaucratic apparatus," the president said.

Cardoso added that the government's initiative to create a heterogeneous commission for reforming the state was based on what happened in Japan. In the president's opinion, the reform is far more dependant on society's contribution than on the government's contribution. "We will not succeed in effectively modifying the structure of the state if we base our work on the government's own views," the president noted, explaining that the task "calls for society's views."

In his speech, Administration Minister Luiz Carlos Bresser Pereira emphasized that the modifications of the state will have to be comprehensive, "unless we want to create a bureaucratic society in Brazil." The president remarked that the administration today needs more than a managerial approach. He emphasized that the administration cannot remain as it is now, "an inferno of minor bureaucratic controls that do not control anything and that — instead — stymie the

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administration, annoying administration clients, be they individuals or other social agencies. The reform should enhance managerial action."

Senate Approves 1994 Mercosur Ouro Preto Protocol

PY1312180595 Sao Paulo AGENCIA ESTADO in Portuguese 1331 GMT 13 Dec 95

[FBIS Translated Text] Brasilia, 13 Dec (AE) — The Senate last night approved the Ouro Preto Protocol signed by Argentina, Brazil, Paraguay, and Uruguay in December 1994, in the city of Ouro Preto, Minas Gerais. The protocol, which formally instituted the Common Market of the South (Mercosur), foresees the creation of several regional organizations, including the Mercosur Social and Economic Consultative Forum. The only senators who voted against the protocol were Senators Eduardo Matarazzo Suplicy (PT-SP) [Workers Party-Sao Paulo], Jose Eduardo Dutra (PT-SE) [Sergipe] and Ademir Andrade (PSB-PA) [Brazilian Socialist Party-Para]. The Brazilian Congress was the last one, among the Mercosur member countries, to approve the Ouro Preto Protocol.

Efforts To Restore Financial System Seen

96SM0025B Sao Paulo VEJA in Portuguese 22 Nov 95 pp 34-39

[Article: "Under New Management"]

[FBIS Translated Text] *The Banco Nacional is reaching its limit and threatening the financial system, and the Central Bank is forcing its sale to Unibanco.*

In recent months the country has had a front-row seat at a soap opera with two protagonists. The soap opera has involved the biggest deal in the history of the country's financial system: the purchase of the Banco Nacional, which belongs to the Magalhaes Pinto family, by Unibanco, a financial powerhouse headed by the Moreira Salles family. When the story began, it was of interest only to financial experts. The audience has recently grown to include anxious customers of the Banco Nacional who are afraid of losing their savings in a possible collapse of the bank. There was an acceleration of rumors and preventive withdrawals during the week, and the Central Bank stepped up its action to force the Banco Nacional and Unibanco to agree quickly on the sales agreement. On Friday afternoon the government issued a provisional measure giving it absolute power in such cases, including the power to expropriate a bank's shares and sell shareholding control to another. That is an imperial and coercive weapon: a dagger that the government can hold at the national banking industry's throat. On Saturday morning the Central Bank put that and other knives at the throat of the Magalhaes Pinto family and forced it to agree to transfer shareholding control of the Banco Nacional to Unibanco.

The measure was announced at 1230 hours on Saturday by the Central Bank. The MP [provisional measure] was the product of fear. Following the collapse of Banespa [Sao Paulo State Bank]—it had a deficit of $13 billion—and the sinking of the Banco Economico, the government felt that it could no longer allow the failure of any major institution such as the Banco Nacional, which had been experiencing huge cash deficits every day. A collapse of that kind might push the entire financial system into general bankruptcy with appalling consequences for the Brazilian economy. "This is not a decision just by the Central Bank. It is a decision by the government. The reason the Banco Nacional did not fail was that it could not fail. If it collapsed, other banks would collapse with it," says one minister. The negotiations to rescue the Banco Nacional by having Unibanco acquire it were moving slowly at the Central Bank building in Brasilia on Friday night because the two banks were $200 million apart in their demands. As the purchaser, Unibanco accepted a figure of $1 billion for the Banco Nacional but wanted to pare that amount by $600 million because of the difficulties being faced by the Magalhaes Pinto firm at the time. It would pay $400 million—in shares of stock, not in cash. The Banco Nacional was demanding $600 million and would accept it in shares of stock; not a penny less.

On Saturday the Magalhaes Pintos capitulated under the Central Bank's knife. Unibanco, which had been hesitant throughout the week, also accepted the arrangement. The merger had already been discussed in basic outline by President Fernando Henrique Cardoso and Walter Moreira Salles, the owner of Unibanco, who were in New York during the celebrations marking the 50th anniversary of the United Nations. With this acquisition, Unibanco, which was the sixth-largest Brazilian bank, has become a financial giant that will compete with Bradesco and Itau for the top rankings in the banking industry. Unibanco is now the third-largest bank in the country. Every financial segment of the Banco Nacional group will be investigated by the Central Bank to discover any possible irregularities in the management of the bank that was sold. The Magalhaes Pinto family, which established the Banco Nacional 51 years ago and turned it into the seventh-largest Brazilian banking institution, will have its assets frozen under the terms of last Friday's provisional measure. This means that the family will be unable to sell any of its property pending the conclusion of the investigation. If, at the end of the process, there is still a deficit in the Banco Nacional's accounts, the Central Bank may sell property under the

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family's control to make up for that deficit. According to an adviser to Minister of Finance Pedro Malan, freezing the Magalhaes Pinto family's assets is a technical decision, but its political consequences are obvious. President Fernando Henrique's son Paulo is married to Maria Lucia, daughter of the old Magalhaes Pinto. If the Banco Nacional family's property is not treated strictly in accordance with the rules, the impression would be given that the president of the Republic's relatives are receiving special treat .nt. Starting now, Marcos Magalhaes Pinto, president of the Banco Nacional, is a former banker and will remain in that position for at least 10 years because he is prohibited by law from returning to the financial world during that period. The same applies to the rest of the family.

This Monday all 335 of the Banco Nacional's branches will start the day with a strip of cloth bearing the name Unibanco on the door. For the Banco Nacional's customers—1.2 million Brazilians—there will be no reason to start a run on the bank. Checkbooks and all other Banco Nacional documents, such as credit cards, will continue to be just as valid as before. There will be no limit on withdrawals nor any amounts withheld. Unibanco is now responsible for operations.

Losing Blood

Experts at the Central Bank, economists in the Ministry of Finance, advisers to Planalto Palace, and President Fernando Henrique Cardoso himself decided to prevent at all costs the danger of a crisis in the national financial system like that which devastated Venezuela (see the following report [not included here]). In their opinion, such a risk would exist if checking account holders in the private banks lost confidence in the financial system upon seeing the spectacle of a major bank going under and others threatening to follow suit. They would then rush to pull out all their money immediately. The government was afraid that a disaster at the Banco Nacional, which began "losing a lot of blood" last week—to the tune of 4 billion reals as of Friday—might also drag two other banks, Bamerindus and Banorte, down with it.

Banorte, which ranks 13th among the banks, is headquartered in Recife and has assets of 172 million reals and 83 branches and made a profit of 15 million reals last year. It is regarded as a trim and well-managed bank, but perhaps one that could not hold out alone. Since the failure of the Banco Economico, Banorte has been the country's only private bank with regional strength (it is concentrated in Pernambuco, Paraiba, Alagoas, and Rio Grande do Norte). And Bamerindus, which ranks third among the private banks, is hampered by the fact that its comptroller is Minister of Agriculture Jose Eduardo Andrade Vieira, a fact that leads many people to relieve their dissatisfaction with the minister by spreading rumors about his bank. When people lack confidence in the health of a bank, whether it is sick or not, failure may occur at any moment, like sudden death. All it takes is a run on the bank.

In addition, Vieira's bank has sunk $700 million into a paper and cellulose mill that it bought in Parana, and it has had to send another $200 million to its New York branch, which was being threatened with intervention by the Federal Reserve—the central bank of the United States—because of insufficient liquidity. "It needs to be realized," says Gustavo Loyola reassuringly, "that the financial system is not experiencing a general crisis. What it is facing is merely an adjustment phase that is inevitable for anyone going from an economy with 50-percent inflation per month to less than 20 percent per year. There will not be any more interventions. What we have is great solidarity among the institutions," he says.

For "solidarity" among the banks read "strategy for survival." All of the country's 246 banks now know that no miracle can save them from a general crisis of confidence in the system. Last week Bradesco, Itau, the Banco Real, and Unibanco itself, under pressure from the government, contributed some money to turn the Banco Nacional's red figures black—a task that the Bank of Brazil and the Federal Savings Bank had been trying to accomplish. They all know that people's thinking is as clear as a glass of clean water: if a bank which the government was obligated to oversee and whose books the government had always certified as reflecting good performance had failed, why could not the same thing happen to the others, which also had the Central Bank's seal of approval?

The purchase of the Banco Nacional means that some branches may be closed or sold to other banks, and there will certainly be layoffs. The merger also marks the start of a process of restructuring the entire financial market. From now on, encouraged by money from the Central Bank, the strong banks are going to be buying up the weak ones, and medium-sized banks will tend to merge. Of the 246 banks existing in the country today, it is probable that less than 100 will remain 10 years from now. Half a dozen of the so-called retail banks—the big banks that do a little of everything—will remain. "The system is going to shrink dramatically, and profits will never be the same again," says former Minister Mailson da Nobrega.

The end of the Banco Nacional was the culmination of a long process. The bank had been tottering for some time because it had lost revenues when inflation came to an

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end. Like most of the banks, it suffered from the wave of loan defaults brought on by the government's tightening of credit, and because it had lent too much money. The Banco Nacional was "leveraged," to use financial market jargon, to 16 times its assets. According to bankers, these days of scarce money mean that leveraging is risky when it reaches 10 times a bank's assets.

When they analyzed those figures some time ago, the Banco Nacional's big lenders started to abandon the bank. The first to do so were extremely well-informed investors with links to the government. The Federal Savings Bank's employee pension fund Funcef [Federal Savings Bank Pension Funds] had 42 million reals invested in the Banco Nacional in January. It ended its dealings with the bank in September by withdrawing its last 3 million reals. The Central Bank's pension fund (Centrus) has withdrawn 75 million reals over the past 45 days. It left only 5 million reals in the Banco Nacional. Last week businessman Arthur Sendas received an appeal from Unibanco to leave his money in the Banco Nacional. Sendas agreed to do so.

Depression

With its difficulties being openly discussed in the financial market, Magalhaes Pinto's bank lost the support of other banks. It is normal for a bank to end the day short of cash and to borrow money from another bank to make up the shortage. That option was no longer available to the Banco Nacional. "I do not lend to them because I do not have the right to endanger my customers' money," said one major banker last week. At that point the Central Bank established a special assistance account using funds from the Bank of Brazil and the Federal Savings Bank. It was waiting for Unibanco to buy the Banco Nacional, expecting the problem to be solved by that purchase.

The open crisis came last Monday, when the lack of confidence reached the small checking account holders. The bank's credit even among its old and loyal customers disappeared. Minas Gerais attorney Ellen Mara Hazan had worked for the Banco Nacional for 13 years, but she heard the rumors and transferred her investments to Bradesco and the Bank of Brazil. "It was a pity, because I liked the bank," Ellen says. When a lack of confidence occurs at that level, no bank can hold out. There was no alternative. On Monday the Banco Nacional needed 3.8 billion reals to cover its accounts. The amount was so large that it frightened the presidents of the Bank of Brazil and the Federal Savings Bank. They consulted with BC [Central Bank] President Gustavo Loyola and everybody's boss, Minister of Finance Pedro Malan. They wanted to know whether the Banco Nacional was likely to fail. They were authorized to lend the billions requested. "Technically, the Banco Nacional failed at the start of the week," says one high official in the Central Bank. That injection by the government-owned and private banks kept the Banco Nacional open for a few more days.

The BC has helped other troubled banks in the past, it has carried out painful liquidations such as that of Comind [expansion not given] in 1986, and it faced a rocky stretch of political road when it intervened in Angelo Calmon de Sa's Banco Economico. But never in our country's financial history has there been an operation like the one launched on Saturday. When a textile mill fails, there are local problems for employees who lose their jobs, suppliers who do not get paid, and a few others who also get hurt. When a major bank fails, the situation is different: it fails, and so does the textile mill that had its money in that bank.

When a country's banks collapse, the result is a wave of bankruptcies in other sectors, and the process may grow and spread until it wrecks the entire economy. That was an ingredient in the Great Depression in the United States in the 1930's. Rumors and lack of confidence play a decisive role in such a process. That is why there exists an unwritten law that textile mills or cookie factories can fail. But not major banks. The cost of allowing banks to fail is higher for society than the cost of saving them. The practical need to protect large banks is not easily perceived when there is a lot of ignorance about the consequences of such a collapse. Obviously, this does not mean allowing bankers who are guilty of the disastrous management of other people's money to go unpunished.

On the holiday last Wednesday [Proclamation of the Republic Day], there was a heavy atmosphere and much anxiety surrounding a meeting by top government officials in Brasilia. President Fernando Henrique Cardoso, in shirtsleeves, received ministers and members of the economic team at Alvorada Palace for a meeting to analyze the Real Plan—a meeting that was to send a wave of electricity through the country. Outside the palace, it was being said that the president and the ministers were definitely discussing a solution for the Banco Nacional.

Slowness

The Magalhaes Pinto family put its bank up for sale at the beginning of the year. It offered it first to the Banco Real, which declined. Bradesco was also sounded out by the Banco Nacional's owners a few months ago, but Bradesco turned a deaf ear. Last week a BC official claimed that the Bank of Boston was interested in buying the entire Banco Nacional and had already consulted the Federal Reserve (the U.S. central bank).

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The Bank of Boston is interested in buying a few branches but does not care which bank they belong to. Its president, Henrique Meirelles, denies any interest in buying the Banco Nacional as a whole.

Apparently the only party interested in buying the Banco Nacional was Unibanco itself, and the negotiations were extremely difficult. There were problems of various kinds. One of them was within the Magalhaes Pinto family itself. According to one rumor concerning the deal, the relatives had placed obstacles in the way of surrendering control of the Banco Nacional. According to one consultant familiar with the talks, the Magalhaes Pintos were not allowing the Moreira Salles family to fully examine their loan portfolio.

There was also resistance by Unibanco's management. There, the chairman of the board of directors, Roberto Bornhausen, and the bank president, Tomas Zinner, wanted nothing to do with a merger. They wanted nothing but a purchase—without giving the Magalhaes Pintos a single share of stock. "It turned out the way we wanted," Bornhausen told VEJA on Saturday afternoon. There were difficulties of a third kind which the Banco Nacional and Unibanco together had placed in the government's way. They had reportedly delayed completing the deal in order to force Brasilia to issue a decree regulating a recent provisional measure establishing incentives for bank mergers and acquisitions. If that was the intention, Unibanco came out all right. But the Banco Nacional fell on its face. Last week the National Monetary Council and the BC regulated various points in the provisional measure, which will still have to be approved by Congress. Under that measure, a bank that purchases another bank can deduct from its income tax as a loss the bad debts assumed from the bank it purchases. There will also be a line of credit to cover the cost of a purchase or of a merger between two banks.

The Central Bank, whose job it is to oversee and regulate the financial system, knew that implementation of the Real Plan and the drop in inflation would weaken the banking network. For that matter, every economist, accountant, company manager, and, as far as that goes, every pediatrician who reads newspapers carefully also knew it. But it took 21 interventions and liquidations, the Banco Nacional's prolonged death throes, and growing rumors about another bank—Bamerindus—to make the Central Bank start moving and issue the MP on mergers, which provides a basis for reforming the banks. "The Central Bank's mistake was its slowness. Now it has become very difficult to find brilliant solutions for the crisis in the financial system. We are looking for possible solutions," says one minister.

The BC will probably spend some $15 billion to reform the entire banking system. But the accusation that it is going to waste that money on the banks at a time when Minister Jatene's Ministry of Health (and several other sectors) could be saved with half that amount is a false one. The money that will be used will come from the banks themselves—from the mountain of $38 billion that the BC collected as a compulsory deposit for the purpose of tightening credit and halting inflation. Moreover, the money will not be donated: it will be in the form of loans, even though at interest rates below the market rate. This is obviously a case of a father helping his son. But the situation would be worse if he did not do so. The ordinary Brazilian would end up paying a higher price.

The Umbrella Closes

In its 51 years of existence, the Banco Nacional—which people in their forties knew as the "Umbrella Bank"—made history apart from its tellers' windows and checkbooks. Every company has its marketing strategy, but it is a fact that few have managed to be as likable as the Banco Nacional. Its funds were used to back the New Cinema films that marked the most creative phase of Brazilian moviemaking in the 1960's. The Banco Nacional also invested money in boxing matches and was the major Brazilian advertiser for Ayrton Senna. More recently, the bank established movie houses in the country's major cities. The Banco Nacional collapsed under the weight of defaulting customers who had been crushed by excessive interest rates, but also because of the difficulty it experienced in adapting to an era of low inflation. Its management was in the hands of Marcos Magalhaes Pinto and his siblings, among them Ana Lucia, whose father-in-law is President Fernando Henrique Cardoso. But its history and greatness will always be linked to the personality of its founder, Minas Gerais politician Jose de Magalhaes Pinto, now 86 years old.

Magalhaes Pinto's daily life is a drowsy and arduous one. The victim of two cerebral hemorrhages in 1985, he is prisoner to a routine of physical therapy exercises and recognizes almost nothing. In his fragile lucidity, the Minas Gerais politician knows that he has six children, although he frequently gets them confused. It is difficult to know what still goes through the mind of that gentle, pleasant, and mild-mannered man who turned out to be one of the best chess players in Brazilian politics. "Magalhaes was able to see three or four plays ahead in the political game," says journalist Villas-Boas Correa, who was his adviser in the Ministry of Foreign Affairs.

He reportedly exercised that ability from the start of his professional life at the Minas Gerais Mortgage and

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Agricultural Bank, where he was hired by competitive examination. Three years later he left that bank and went to work for the Agriculture Bank (now the Banco Real). He entered politics in the early 1930's in opposition to the dictator Getulio Vargas. In 1943 he was among the signers of the so-called Minas Gerais Manifesto, which called for a return to democracy. "Hit him in the pocketbook," Vargas instructed Benedito Valadares, his interventor in Minas Gerais. Result: Magalhaes lost his job.

The story is told that his mother Maricota complained: "This has cost you your job as a director, my son." And Magalhaes, undismayed, responded: "Mother, I was not born to be a bank director. I was born to be president of the Republic." He used to listen to that story with a smile and did not deny it. He simply corrected it: "I said 'governor.'" But the fact is that the presidency was always his sweetheart, and he never made a secret of it. Magalhaes decided to build his political career on the wings of the UDN [National Democratic Union]. "In a party of handsome men and brilliant orators, Magalhaes stood out because of his ugly features and his almost mediocre performance as a speaker. People gradually noticed his talent for well-thought-out alliances and smooth coordination," Villas-Boas explains. The man with no enemies encountered a fierce competitor in Carlos Lacerda. At a UDN convention in Belo Horizonte in 1963, Lacerda was beside himself in anger and harshly criticized Magalhaes. The next day he went to apologize. Magalhaes, who was governor at the time, listened to him and suggested: "Look, Carlos, from now on why don't you praise me in public and ridicule me in private?"

Magalhaes became involved at an early date in the plot to depose President Joao Goulart. He armed the Minas Gerais Military Police to the teeth while beginning a routine of visits to indoctrinate influential military men. "But does your uncle know that he is risking everything?" they asked his nephew Jose Luiz Magalhaes Lins. He knew. But he did not back down, and he even rejected Castelo Branco's request to delay the movement of his troops. "I cannot. The troops have already left, and they will only return in victory or in defeat." For those and other reasons, Magalhaes frequently appointed himself "civilian commander of the revolution." But that did not make him liked by the military, who saw him as a rich man. He wanted the Ministry of Finance in the Costa e Silva administration but wound up with the Ministry of Foreign Affairs—with which he had nothing in common. But it was there that his star shone as he resolved without bloodshed the kidnapping of U.S. Ambassador Charles Elbrick, who was exchanged for political prisoners. During the power vacuum caused by Costa e Silva's illness, he summoned the military junta to the Ministry of Foreign Affairs and negotiated everything within 48 hours.

Some people feel that that was precisely when his dreams of the presidency went up in smoke. He persisted in trying to stay on as the civilian leader of an increasingly hardline military government. And the upshot was Act No. 5, signed by Magalhaes: "A politician who starts life by signing the Minas Gerais Manifesto should not end it by signing an institutional act," Villas-Boas observes. As minister of foreign affairs, he considered it better to learn English secretly. One fine day the actress Kim Novak came to Brazil. During a luncheon at the Ministry of Foreign Affairs, she sat down beside him, and to everyone's surprise, Magalhaes launched into a chat in English that lasted through the coffee. Except for occasions like that, Magalhaes Pinto hated Brasilia. A hypochondriac, he coined the saying that the best hospital in the federal capital was the air shuttle service.

Former Banker in Hiding

The financial life of Angelo Calmon de Sa, former president of the Banco Economico, may have suffered few jolts following the Central Bank's intervention, but his popularity in Bahia is plunging. He is still rich, lives in a fine mansion in Salvador's Garibaldi district, and has not given up deep-sea fishing trips, his main hobby. He is being forced, however, to stop appearing in public places on pain of being faced with protests from customers irate over the freezing of their bank accounts.

Between 27 and 29 October, Calmon de Sa took part in a deep-sea fishing tournament in Morro de Sao Paulo. He was in his motorboat with his two sons and did not have a good day of fishing. With the competition over, he refrained from docking his boat to have his fish weighed because a crowd was waiting for him. "He would have been roundly booed. Even I would have been capable of throwing him into the water," said one of the competitors who is a friend of Calmon de Sa's. "The man is avoiding people."

Boos would not be something new for Calmon de Sa. Two weeks ago he entered the Gan Restaurant, the best Japanese restaurant in Salvador. While he was walking to a table, he was greeted by a customer with cries of "thief." Other people joined in the protest, and the former banker finally left the restaurant to a chorus of abuse and without having dinner. A similar scene had occurred shortly before that during a luncheon accompanied by boos at the Salvador Yacht Club.

In addition to that repudiation by public opinion, Calmon de Sa is also seeing his old friends drift away.

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At the funeral of businessman Mamede Paes Mendonca in Salvador on 23 October, he was alone most of the time. Although he knew several of the people present, he almost never spoke, and hardly anyone greeted him. Calmon de Sa keeps to a daily business routine at the Aratu Insurance Company office in downtown Salvador. "Sometimes he goes to the headquarters of the Banco Economico when called on to explain something," says an employee of the bank. "He arrives with his head down, quickly greets a few people, and leaves."

Measure Regulating Bank Measure Criticized

96SM0025C Sao Paulo VEJA in Portuguese
22 Nov 95 pp 40-42

[Article: "Corrective Measure"]

[FBIS Translated Text] *The financial system, being different from any other business, can operate only on the basis of trust.*

When a customer enters a supermarket to buy soybean oil, he finds the can on the shelf, grabs it firmly and puts it in his sack, and only then does he hand over the money at the cash register. When a checking account owner enters a bank to make any kind of investment, he hands over the money at the bank window and leaves with no product in his hand. He leaves only with a receipt for his transaction, and it says that his investment will be available in 30 or 60 days. In buying his can of soybean oil, the customer does not want to know about the supermarket's financial record, nor does he want to become the manager's friend. If the store goes broke, he will suffer no harm. But in a financial transaction, one needs to know whether the bank is in good health, since it might take one's life savings down the drain. And what tools does the customer have for identifying the difference between a rotten bank and a good one? "None," says Professor Mario Henrique Simonsen. "Bank branches are all alike. Each one has a manager and a computer and always provides the best advantages the market has to offer." And Simonsen concludes by saying: "The relationship between customer and bank is based exclusively on trust."

Trust is the key word. Lack of trust was what caused withdrawals to increase and the Banco Economico to founder. Trust is what gives the banks in any country the strength and gigantism of a Goliath: the financial system is the richest on earth: a planet whose 5 billion inhabitants deposit $6 out of every $10 they possess. And it is trust, that ethereal concept, which also causes banks to prop each other up like the cards in a castle of cards. The banking business is so volatile that if there begin to be rumors that a bank is not in good health, its situation does in fact grow worse. If the serious press reports that the bank is having difficulties, that simply makes those difficulties worse. The relationship of trust is not that much in the dark even in the used car market. In Japan, after losing a bundle of money in the stock market and in real estate financing, the financial system needs $400 billion to straighten itself out. And the only thing preventing a wave of runs on the banks is the trust felt by the Japanese.

The same is true in Brazil. Only trust is leading 37 million checking account owners to keep the equivalent of 210 billion reals in the financial system's 246 banks in such a turbulent time. "The alternative to trust," says Simonsen, "would be to order a bank audit, since that is the only way to actually find out about a bank's real situation. But that costs tens of thousands of reals." Deputy Antonio Kandir (PSDB [Brazilian Social Democracy Party]) says there is another way to find out if a bank is in shaky condition. "The only public information available for gauging a bank's health is the balance sheet published in newspapers, but those documents are unfathomable, and when one does understand them, one realizes that they are almost always untruthful," he says.

Only Theory

Although untruthful, those balance sheets are usually accepted by the Central Bank, which is theoretically responsible for seeing to it that the banks operate properly. "Under the system we have, the customer should not have to worry about anything," says Deputy Miro Teixeira (PDT [Democratic Labor Party]). "If a bank is open and operating, the reason is that the Central Bank feels that it is healthy and honest. Unfortunately, that is only theory." Since the Central Bank traditionally does not check up on the banks but simply accepts their deceptive balance sheets, the customers are literally left groping blindly. Trust in the banks also becomes blind, since it has no basis in reality. This is so true that in December of last year, the Bank of Brazil had about 9 billion reals in its investment portfolio. Following the intervention in the Banco Economico, that amount almost doubled. "That is frightening," comments Deputy Delfim Netto. "When there is a rush to withdraw money, the state banks, which operate at a loss, and foreign banks that are shaky in their own countries end up being regarded as safe havens. That is deplorable!" he says.

Problems in financial systems appear whenever there are changes in the economic environment: when the stock market drops, when real estate financing becomes expensive, and when interest rates collapse or soar. In Brazil's case, the system is faced with problems mainly because inflation has fallen from levels going as high

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as 80 percent per month to less than three percent. In 1988, when the Constitution made it simpler to establish a bank, handling other people's money was the best business in the world. It was not by chance that the number of banks in our country doubled. There were 111 in 1988, and today there are 246. Back then the banks were earning one-third of their revenue just by attracting money from their customers and investing it in government securities. There was so much money that the banks stopped charging fees for issuing checks, sending payments, and other services. Doing so was not necessary. Inflation covered their expenses. The national financial system became accustomed to operating at such an astounding pace that it was admired in various parts of the world.

Solid Structure

Only in Brazil, and nowhere else in the civilized world, could one see terrible lines in banks. In Europe, where money clears in periods of up to one week, going to the bank is an exceptional event. In Brazil, money had to clear at jet speed, and everything was done with a swiftness that was unique in the world. Because of that demented reality, the banks invested about 15 billion reals in a computer network to serve their customers. It was in that environment, when the currency was losing value at a rate of two percent per day and pocket money was turning into scrap paper, that the national financial system put on muscle: it grew to a network of over 30,000 branches and service centers and nearly 1 million employees. But what was once muscle has now turned to fat—and it needs to be burned off.

"Brazilian banks are solid, and there is no reason for a bankruptcy here," says Ibrahim Eris, former president of the Central Bank. He considers the system powerful and vigorous precisely because it learned to operate in a time of soaring inflation. According to that line of reasoning, the problem is one of adapting the structure to this new era. "Without inflation, the banks may lose profitability, but I have never seen a bank fail because of that," Eris says. "A bank fails because it has already been experiencing structural problems for a long time." The adaptation began with layoffs: one out of every four bank employees has lost his job, and an equal number are expected to be laid off in the future. If inflation remains low, the number of banks will drop to less than half the present number within 10 years. Of the 34 major Brazilian banks, five or six are expected to remain. Bradesco, for example, has been downsizing its organization since 1986, and it was not caught unprepared by the Real Plan. The government can help in the adaptation if it watches over the banks and facilitates partnerships among them.

Expensive Bill

Because of the provisional measure forcing banks to merge, the government is the target of two chief criticisms. The first has to do with the delay in adopting the measures. "There was in fact a slip-up, and we could have adopted those measures several months ago," says one of Fernando Henrique Cardoso's ministers. "The cost probably would not have been so high." When the government allows a bank to betray the trust of its customers, the credibility of the system is in danger of going down the drain. That is why the authorities need to act quickly. That was what happened in the case of Barings, the British investment bank that fell apart in February of this year when a foolish employee put too much trust in his own intelligence, invested $27 billion in the risky derivatives market, and caused a loss of $1 billion. There was one hell of a fright in the stock markets in Chicago, Tokyo, and London, but the British central bank acted quickly. Less than a month later, Barings was sold to ING of Holland. That did not happen in Brazil.

The other criticism concerns the fact that the government is dipping into the taxpayer's pocket to pay the bill. This is a fair criticism, but a pointless one. "It is better to spend two or three percent of GDP [gross domestic product] to bail out the system than to waste 20 percent straightening out a bank failure," says Delfim with an eye on the Venezuelan bankruptcy. Last year the biggest bank in Venezuela in terms of checking account customers, the Banco Latino, sank in a sea of embezzlements and questionable operations and ended up bankrupt. It took eight other banks with it and set off the biggest run on banks ever reported in Latin America. In only two weeks, withdrawals totaled about five percent of GDP, and 10 percent of the population was left with no money. To prevent a street riot, troops had to be deployed in the streets. The Caracas government's solution was to issue $6 billion, or 10 percent of GDP, to cover the gap and to nationalize the financial system.

That is why governments everywhere in the world help their banks but do not do the same when it comes to the textile industry, for example. "It may seem wrong, but if the Brazilian textile industry fails, the city of Americana in Sao Paulo will sink into an unparalleled recession, but the rest of the country will remain on its feet with no apparent injury," says a director of the Central Bank. To make up for the shortfall in France's largest bank, the Credit Lyonnais, the French Government has already spent more than $5 billion of the taxpayers' money. Since 1991, the U.S. Government has poured over $500 million into the financial system to prevent the system of local savings institutions from collapsing. "The biggest reason for keeping the financial

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system fueled is not to rescue bankers but to keep the population's savings system from being put in check, since that is the only way to make a country grow," says an adviser to Fernando Henrique Cardoso.

System Undergoing Change

Brazil has 246 banks. It may have fewer than half that number 10 years from now.

There are 34 major banks in the country. Probably five or six will remain.

The banks employ 617,000 people. One out of every five is expected to lose his job by the year 2000.

Inflationary profits once accounted for one-third of the system's revenues. They currently total less than one percent.

The cost of the bank bailout may reach 15 billion reals.

Chile

Foreign Minister: Negotiations With EU Continue

PY1312213395 Santiago LA TERCERA DE LA HORA in Spanish 13 Dec 95 p 11

[Article by Lucia Zamora]

[FBIS Translated Text] Foreign Minister Jose Miguel Insulza yesterday gave a very clear indication that "negotiations will continue" with the EU, terming the document he will sign on 18 December with that organization a "political agreement."

Insulza said that for our country the document has double importance for being one of the two elements "on which our future relations with the EU will be based."

He said that much has been said about a new political and economic agreement, "and this is the Political Agreement, which shows a very clear indication that negotiations will continue."

He also explained that talks cannot be held with the EU until that organization outlines the terms of negotiations, which are expected to be released within the next few weeks.

Preliminary talks "have developed tremendously well," he said. He added that they are expecting the EU to establish the terms on which it wants to negotiate with Chile, and "if these terms are suitable for us, then we will negotiate."

'Political Declaration' With EU

PY1412114895 Santiago EL MERCURIO in Spanish 12 Dec 95 pp A1, A11

[FBIS Translated Text] Chile and the EU will sign a political declaration in Madrid on 18 December. This declaration will mark the start of negotiations that will lead to the achievement of a new agreement that ultimately will establish as its final objective the fulfillment of a political and economic partnership.

This is what Ambassador Carlos Klammer, the director of the Foreign Ministry's European, Middle East and African Affairs section, has told EL MERCURIO. According to Klammer, the terms encompassed in this agreement are particularly valued by the Chilean Government.

The declaration establishes that "the EU and Chile agree that this marks the start of closer and more effective ties," and that through this document, Chile and the EU reassert their intention to achieve a partnership as an ultimate objective.

Foreign Minister Jose Miguel Insulza has decided to travel to Madrid for the signing of this declaration, which the Foreign Ministry considers to be of vital importance.

Spain, which is chairing the EU presidency, had planned for President Eduardo Frei and his EU colleagues to sign this declaration on the occasion of the summit scheduled to be held on 15 December in Madrid.

On that day, presidents from the Common Market of the South (Mercosur) and 15 EU countries will sign a cooperation agreement.

The declaration to be signed by Chile and the EU on 18 December is entitled "Joint Declaration on Political Dialogue Between the EU and Chile." It establishes that this political dialogue may be conducted in conjunction with other partners in the region or, to the extent possible, simultaneously with other already established political dialogues.

Bilateral political ties will be conducted through regular meetings in the manner to be established by the parties, the president of Chile and top ranking EU officials.

Regular meetings at the foreign ministerial level will also be held, in addition to leaving open the possibilty for other cabinet members to hold meetings whenever it is deemed necessary.

Moreover, the holding of periodic meetings of Chilean and EU officials is also planned.

Klammer stated that this declaration is important because it ratifies the EU resolution issued on 17 July 1994 that calls for the initiation of a period of political consultations at the highest of levels with the purpose of achieving a political and economic agreement.

Spanish Foreign Minister Javier Solana will be in charge of signing the agreeement on behalf of the EU in view

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of the fact that Spain is currently chairing the EU presidency.

This would be Solana's last official function as Spanish foreign minister and EU representative before assuming his duties as NATO secretary general.

Moreover, Manuel Marin, vice president of the Economic Commission for Europe [ECE], has reasserted in Brussels that the upcoming separate agreements that the EU hopes to sign with Chile and Mexico will encompass in its clauses the safeguarding of democracy and human rights.

The official in charge of EU ties with Latin America asserted that the agreements with Chile and Mexico are of a different nature from the one that the EU will sign on 15 December with Mercosur countries, since neither Mexico nor Chile are countries involved in regional integration processes. [sentence as published]

The governments of the two countries are willing to go forward with the EU in the establishment of trade liberalization programs extending beyond cooperation agreements.

In fact, Chile was the first country to sign, in 1990, a so-called third generation cooperation agreement [convenio de cooperacion denominado de tercera generacion] with the then EC that is still in force.

Text of Declaration

The last EU General Affairs Council did not make a pronouncement on the negotiations guidelines with either Chile or Mexico, alleging that the technical work was not that advanced.

On 11 December it approved the text of the political declaration that the EU will sign with Chile.

While some Chilean groups have criticized the EU Council's decision not to make a pronouncement on the negotiations guidelines, the Foreign Ministry upholds a very positive view.

Klammer believes that in view of this, there is now more time "to improve the guidelines." He said: "We have always given priority to the achievement of a good agreement, as opposed to the hasty signing of any document."

The declaration to be signed by Foreign Minister Insulza is entitled "Joint Declaration on the Political Dialogue Between the EU and Chile." According to an unofficial translation, it reads as follows:

"1. — Preamble

"The EU and Chile, in view of the fact that they,

"— Are aware of their common cultural patrimony and of the strong historical, economic, and political ties that unite them,

"— Are motivated by their upholding of democratic values and their belief that the respect for human rights, individual freedoms and the principles of the state of law constitute the basis of democratic societies, of the domestic and foreign policies of EU countries and Chile, and of their common project,

"— Are willing to consolidate peace and international security in compliance with the principles established in the UN Charter and are determined to implement those principles which seek to prevent and resolve international conflicts through peaceful means,

"— Are interested in achieving regional integration as a means to promote a lasting and effective development of their nations on the basis of the principles of social progress and the solidarity of their peoples,

"— And on the basis of the privileged ties established in the framework cooperation agreement signed between the EC and Chile,

"Have decided to establish long-term ties.

"2. — Objectives

"In view of the conclusions adopted by the EU Council on 17 July 1995 that ensued after the communique entitled "For the Strengthening of Ties Between the EU and Chile," the parties reassert their intention to establish an agreement in which they express their political willingness to ultimately achieve a political and economic association.

"With this objective in mind, the two parties agree to establish a sustained political dialogue with the intention of achieving a consensus on issues of common interest, particularly through the coordination of their respective positions before the proper multinational forums. This dialogue may also be undertaken jointly with other partners in the region or, to the extent possible, simultaneously with other political dialogue processes already under way.

"3. — Dialogue Mechanisms

"With the purpose of establishing and developing this political dialogue on bilateral and international affairs of common interest, the parties hereby agree:

"a. That periodic meetings will be held in the manner to be agreed upon by the parties as defined by the president of Chile and top ranking EU officials.

"b. That periodic meetings will be held at the foreign ministerial level in the manner to be defined by the parties.

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"c. That other cabinet-level meetings will be held on issues of common interest whenever the parties believe these meetings to be necessary to help achieve their goals.

"d. That periodic meetings will be held between high ranking EU and Chilean officials.

"4. — The EU and Chile agree that this joint declaration marks the start of closer and more effective ties," the document notes in conclusion.

New People's Alliance Leftist Party Created

PY1312172295 Santiago EL MERCURIO in Spanish 10 Dec 95 p C3

[FBIS Translated Text] After the Electoral Service had allowed it to operate in eight regions of the country, the leftist party New People's Alliance [Nueva Alianza Popular] (NAP) held its first assembly yesterday, with 40 delegates in attendance.

Of a federative nature, the NAP comes into being as a result of the union of three prominent movements — the Broad Leftist Force (FAI), MAPU [United Popular Action Movement], and the Independent Socialist Front (FSI) — as well as other independent leftist groups.

NAP Acting President Nicolas Garcia Moreno, who has been a UN consultant for more than 20 years, has asserted that his party rejects the neoliberal economic model currently enforced in Chile because, he alleges, it does not help to develop individuals but to promote poverty.

NAP Vice President Jaime Duran has stated that the party will strive to unite the left, both those inside and outside the CPPD [Coalition of Parties for Democracy], with the objective of creating a new identity for traditional leftist groups and, on that basis, reaching agreements with political parties to the center of the political spectrum to thus achieve future coalition governments.

Duran said that the NAP opposes the current government system and added that it is drafting an alternative constitution that rejects the constitutional amendments and the "law of expiration" concerning human rights cases.

He stated that he regrets that the CPPD has identified itself with the current government, and that the will for democracy it upheld at the beginning has been forsaken.

Duran said that the NAP intends to be the driving force behind the uniting of a divided left, "which has been divided in view of the implementation of independent national programs. We came to life with the purpose of uniting, not dividing."

Lastly, Duran said that the NAP will not be a communist but a socialist leftist party "that will help to promote the unity of those leftist forces inside and outside the CPPD."

Colombia

Minister Discusses U.S. Certification, Drug Fight

PA1412052995 Madrid EFE in Spanish 2344 GMT 13 Dec 95

[FBIS Translated Text] Santa Fe de Bogota, 13 Dec (EFE) — Foreign Relations Minister Rodrigo Pardo today said that Colombia "cannot wait in suspense from now until March for a decision that will be based on U.S. domestic policy and not on the results the country has had in its fight against drug trafficking."

This is what the foreign minister said in reference to the so-called "certification" the Washington government issues to renew the aid to countries combating drug production and trafficking.

Pardo explained that 1995 "will go down in history as one of the richest and most successful periods in the fight against drug trafficking" in Colombia.

The foreign minister also referred to the disbanding of the Cali cocaine cartel in his country, to the eradication of more than 30,000 hectares of illicit crops, and to the new law to penalize money "laundering." "Therefore, we are quite pleased with these results," he stressed.

Foreign Minister Pardo insisted that "the results and how we can diminish this scourge are important in the fight." He added that it seems to him that the results Colombia obtained this year "constitute an opportunity not only for our country but also for the international community, if we are able to tie loose ends in such issues as drug consumption, drug demand, money laundering, and the interruption of the supply of precursor chemicals."

Envoy Comments on U.S. Ambassador's Statement

PA1412055295 Madrid EFE in Spanish 2001 GMT 13 Dec 95

[FBIS Translated Text] Santa Fe de Bogota, 13 Dec (EFE) — Colombian Ambassador to Washington Carlos Lleras de la Fuente said today that a statement made by U.S. Ambassador Myles Frechette, divulged Tuesday by U.S. radio stations, was a "recycling of garbage" because it is an attempt to assemble "loose parts."

Lleras said that the U.S. diplomat himself denied the report in which he supposedly expressed doubts about the certification his government must give Colombia for its struggle against drug trafficking.

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A U.S. public radio station aired Frechette's remarks Tuesday during a special program on Colombia's current situation, particularly concerning the "narco-scandal" that has triggered a crisis in the government of President Ernesto Samper.

We are dealing again with what I have called "recycling of garbage," the Colombian diplomat maintained, in an interview with Santa Fe de Bogota's Radio Cadena Nacional (RCN) network.

The person responsible for the program, he added, "took countless loose ends" and made "a sort of mosaic."

Lleras pointed out that Frechette, who is in Washington and with whom he met on the afternoon of 12 December, told him that "these are old statements... that were not made public here (the U.S. capital)."

Likewise, the head of the U.S. Embassy in Colombia affirmed that he has not written the report that will serve as the basis for the analysis the government of that country must make before renewing its certification for this Andean nation.

"So, he downplayed the significance of what this reporter said, which is something apparently said a long time ago and which was 'resurrected' for a somewhat exotic program," Lleras asserted in his statements to RCN.

Commission To Decide on Samper Inquiry 13 Dec

PA1312153395 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 13 Dec 95

[From the "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Here is a last-minute scoop. The Investigations and Accusations Commission of the Chamber of Representatives has been scheduled to meet at 1000 today to discuss the document that will be presented by the subcommission of six representatives of the Chamber of Representatives. This six-member subcommission has been working through the wee hours of the morning to prepare the final draft of the legal and political decision. Around noon, the Investigations and Accustions Commission will be making a decision on the final draft of the document.

Caracol has learned that most members of the subcommission support the idea of not agreeing with the decision reached by investigator Heyne Mogollon; therefore, no inhibitory [fallo de caracter inhibitorio] ruling will be dictated regarding the conduct of President Ernesto Samper.

Attention. The Investigations and Accusations Commission of the Chamber of Representatives will probably differ from the recommendation of investigator Heyne Mogollon. The commission will likely decide to refrain from opening any investigation on President Samper based on the argument that there is no merit to do so; consequently, the case will be filed, as on previous occasions when other chiefs of state have been investigated.

Senate Approves 'Narco-Article,' Prosecutor Reacts

PA1412032595 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 14 Dec 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] The Senate has just passed a rider of unforeseeable consequences.

Within the framework of the Citizen Security bill, the Senate approved an article that revives the essence of the so-called narco-bill.

The prosecutor general had cautioned about the danger of approving this article.

This afternoon, the Senate banned the authorities from investigating and imposing sentences on front men and other persons accused of illegal enrichment.

The Senate decided that as long as the person from whom the money in question was received is not found guilty, the people who benefited from this money cannot be investigated.

Ironically, the article was presented as part of the Citizen Security bill, using entangling terminology, by 40 senators who never spoke up to defend it.

The fact is that it has been approved.

[Begin Prosecutor General Alfonso Valdivieso recording] I think that many investigations would be exposed to interpretations that, frankly speaking, are not in line with our legal traditions.

Some senators defended this huge rider and attacked both the government and the prosecutor general.

[Senator Carlos Espinosa] There is ignorance of a legal state and, as I said here, there are fools' remedies.

[Senator Gustavo Espinosa, author of the article] If the Office of the Prosecutor General cannot withstand a confrontation with wise and scientific laws from the Constitutional Court, then, legally speaking, the Office of the Prosecutor General does not exist.

This law benefits not only front men and drug traffickers, but also the people who at this moment are being investigated within the framework of the famous Case 8000.

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The legal significance of this article, if it is finally approved, will be somber. It will mean a setback in the struggle against drug trafficking and the corruption this generates.

[Interior Minister Horacio Serpa Uribe recording of statement made 18 October 1994] For heaven's sake: Vote in favor of filing away this bill. [end recording]

That was about the narco-bill that clearly pretended to establish that acting as front men and illegal enrichment are not crimes. At that time, in spite of government pleas, it was approved by the Chamber's First Commission. It collapsed at a plenary meeting of the Chamber because of the scandal this case caused among the people.

This is now being revived, but as a narco-article within the framework of a Citizen Security bill that has nothing to do with this.

The narco-article establishes that only people who have received money from convicted drug traffickers, not from alleged drug traffickers, can be tried for illegal enrichment. This means that no person who has received money from the Rodriguez Orejuela brothers could be tried for illegal enrichment, because these brothers have not been convicted of drug trafficking.

Army Commander: Alleged Guerrillas 'Common Criminals'

PA1112183995 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 8 Dec 95

[Report by Carlos Gomez Herrera; from "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Army Commander General Harold Bedoya Pizarro says that what Colombia has are not guerrillas but a group of criminals who engage in kidnappings, blackmail, and extortion.

[Begin Bedoya recording] The guerrillas are... [pauses] if they really are guerrillas, because in Colombia what we have are common criminals who call themselves guerrillas, but they are not serious. They are involved in kidnappings, extortion, and organized crime. That is what they are doing. If they were guerrillas I believe the definition of the word in the dictionary would have to be changed at once.

[Unidentified reporter] General, [words indistinct] with the military booklet will not be needed to [words indistinct] like passports. How will this affect the military?

[Bedoya] (?I really do not know a lot) about that. The Constitution establishes that military service is obligatory for all Colombians. Therefore, all Colombians over 18 and under 50 — approximately 10 million Colombians — should have that document. [end recording]

Commander Bedoya also said that he knows nothing whatsoever about the exchange of two guerrillas for people who had been kidnapped in Antioquia Department. The guerrillas were reportedly taken hostage by self-defense groups in Cordoba or Antioquia Department.

Cali Group Capo States Willingness To Surrender

PA1312210995 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 13 Dec 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Helmer Pacho Herrera, the only member of the Cali group who has not been apprehended by the authorities yet, told Prosecutor General Alfonso Valdivieso that he would surrender to justice if the Prosecutor General's Office agrees not to turn him in to U.S. authorities.

Vladimir Mosquera, Herrera's attorney, said that the capo has not surrendered because he is afraid of being sent to the United States. The prosecutor general replied that, constitutionally, no Colombian national can be extradited to another country.

Ecuador

Military Intervenes at Energy Plant To Prevent Attacks

PY1312161795 Madrid EFE in Spanish 1327 GMT 13 Dec 95

[FBIS Translated Text] Quito, 12 Dec (EFE) — The main Ecuadoran hydroelectric plant, which produces more than 60 percent of the electricity used by the nation, was occupied by the military during the last few hours to prevent attacks by workers of the electrical sectors, who are on strike.

On 12 December the electrical workers began a gradual strike against the Electrification Law, which is being debated in Congress, and which will allow private investment in this sector.

The union leaders threatened to abandon the installations of the Paute hydroelectric plant and leave its operation under the responsibility of the military units if they enter the plant's operations center.

Thus far the strike has affected the administrative employees; therefore, all electrical sector administrative activities in the country are paralyzed.

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Roberto Proano, president of the Employees Association of the Ecuadoran Institute of Electrification (Inecel), told EFE that the strike will affect work in the areas of administration, maintenance, and construction, and will gradually move toward paralyzation of electrical service "if Congress approves the bill."

The strike coincides with the Ecuadoran energy crisis, and the resumption of restrictions on the electricity supply only one week ago. The restrictions from August to November were eight hours daily throughout the country due to the drought in the zone where the Paute plant is located.

Proano said the bill being debated in Congress does not satisfy the union proposal that the government keep 60 percent of the company "and not 51 percent, as proposed in the bill."

Proano said the union does not accept the proposal that the state sell 39 percent of the shares to a single company because this company would then be in complete control of the electrical sector. He also said that the social aspects were not respected with regard to the establishing of tariffs.

The industrial and commercial sector has insisted on the need to have this bill approved in order to obtain sufficient investmnent for this area. Moreover, Congress President Fabian Alarcon himself said that the law "will help resolve the energy crisis in the medium and long term."

Communications Secretariat: Weapons Purchase 'Overplayed'

PY1312135495 Madrid EFE in Spanish 0210 GMT 13 Dec 95

[FBIS Translated Text] Quito, 12 Dec (EFE) — The State Communications National Secretariat (Senacom) said today that Peru is negotiating the purchase of eight Russian-made jet fighters and other weapons from China, and that the Ecuadoran purchase of four Israeli airplanes are being "overplayed."

The Senacom released a communique that says: "Ecuador is replacing obsolete weapons and it is not obtaining new ones beyond its needs because it cannot be justified due to the economic situation affecting the country and in view of the peace process with Peru."

This is how the government reacted to the Peruvian concern over the Ecuadoran purchase of four Israeli-made Kefir airplanes with U.S. technology.

The Senacom said the negotiations for the purchase of the Kefirs is being made "through the normal channels of the international military industries, in which transanctions of this type are well known, like the transactions being carried out by Peru to purchase eight sophisticated MiG fighters made in Russia."

The communique adds: "Therefore, any opinions overplaying the Ecuadoran negotiations are a great fuss, which is really aimed at covering up other large transactions like those being carried out by Peru in China to purchase war planes and other weapons."

The communique includes the comments by former Deputy Foreign Minister Mario Aleman, who said that the administration of President Sixto Duran-Ballen "has proof of, and should expose to the critical opinion of the guarantors of the Rio de Janeiro Protocol, the large weapons purchases Peru is making."

Argentina, Brazil, Chile, and the United States are guarantors of the 1942 protocol that established the border between Ecuador and Peru.

According to the Senacom, Aleman said: "As usual, Peru plays two cards: It is supporting the peace process, and at the same time it is trying to become a military power."

The Senacom communique says that Aleman, "who is being considered as the foreign minister in the next administration," believes that "Peru is buying military supersonic airplanes and sophisticated weapons" and that "there is no relationship between the Ecuadoran and Peruvian purchases" because "our country buys for defense purposes, and we never attacked anybody."

Regarding the negotiations with Israel, the Senacom reiterated that the Ecuadoran Air Force has Kefir airplanes that were purchased more than a decade ago, of which four were decommissioned for various reasons and must be replaced.

Ecuadoran Defense Minister General Alfonso Alarcon said that the purchase was planned long ago, that it is being processed through the normal channels, and that there is nothing abnormal about it.

After the undeclared war between Ecuador and Peru from 26 January to 28 February of this year over an unmarked border area, the two governments are now in a peace process. One of the last stages of this process includes the visit of Peruvian Deputy Foreign Minister Jorge Voto Bernales to Quito on 13 and 14 December.

Official: Political Crisis Impedes Economic Goals

PY1312024195 Madrid EFE in Spanish 1609 GMT 10 Dec 95

[FBIS Translated Text] Quito, 10 Dec (EFE) — Monetary Board President Ana Lucia Armijos today said that

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the 1995 economic goals outlined by the administration of conservative President Sixto Duran-Ballen will not be achieved because of the armed conflict and the energy crisis.

Armijos admitted that this year the inflation rate will stand at 22 percent and not 19 percent as it was estimated, and that the GDP will be 3 percent instead of 3.5 percent, as it was announced.

She noted that Ecuador failed to receive about $300 million in foreign capital in 1995 due to "the Ecuadoran domestic crisis, and the crisis affecting other Latin American countries, particularly Mexico."

She said: "The armed conflict and the political and energy crisis have dealt a harsh blow to the country. The economic model must be adjusted in order to step forward and not to become stagnant."

Armijos, however, voiced her satisfaction over the solid international monetary reserve that totals $1.6 billion, with a trade surplus that is expected to reach $500 million by the end of 1995.

Moreover, the conflict with Peru, the political crisis resulting from the alleged corruption cases involving the Executive Branch, and the power cuts of up to eight hours a day have also affected foreign investments.

Ecuadoran Central Bank Manager Augusto de la Torre has stated that the defeat the government experienced in the 26 November plebiscite to reform the Constitution will also affect foreign investments, because doubts have been cast on the capacity of Ecuador to confront change.

He said that "political experts have apparently concluded that domestic issues led the majority of the people to support the no vote and interpreted it as a criticism to the government. The victory of the no vote, however, have led foreign investors to doubts our capacity to implement reforms."

De la Torre noted that in 1993 and 1994, Ecuador received a total of about $800 million in disbursed foreign capitals [capitales probados externos], but he added that this figure "will surely be far below this amount this year."

Regretting the fact that foreign investments have dropped by 30 percent, he stated: "We estimate that foreign private investments will be about $500 or $600 million."

U.S. Fruit Imports Banned Over Fruit Fly 'Threat'

PY1412033695 Quito Voz de Los Andes in Spanish 2300 GMT 13 Dec 95

[FBIS Translated Text] The Ecuadoran Government has banned the importation of fruit from the United States due to the presence in that country of the oriental fruit fly.

After learning that the oriental fruit fly has been detected in 12 California counties, it was decided to temporarily ban the entry of fruit, according to a resolution issued by the Agriculture Ministry.

The resolution states that the presence of the fruit fly represents a potential threat with unpredictable consequences for Ecuador, which is literally dependent on other economies.

Peru

U.S., Panamanian Citizens Admit Link With MRTA

PY1312132795 Madrid EFE in Spanish 1939 GMT 12 Dec 95

[FBIS Translated Text] Lima, 12 Dec (EFE) — U.S. citizen Lori Berenson and Panamanian citizen Pacifico Castrellon, arrested 10 days ago in Peru, confessed their link with the Tupac Amaru Revolutionary Movement (MRTA) and asked for forgiveness for this, according to the Peruvian police today.

Berenson, 26, and Castrellon, 48, were arrested during an antiterrorist operation during which 21 other MRTA members were also arrested. Among them was the "Number 2" man in the organization: Miguel Rincon Rincon.

The two foreigners also confessed that the MRTA was planning to occupy the Peruvian Congress building and that they helped draft the plan that was thwarted with the arrest of the terrorists.

Castrellon's confession was confirmed by a spokesman of the Panamanian Embassy in Lima, who said that Castrellon "is sorry" about what he did and "has requested the Peruvian authorities' forgiveness."

According to the Peruvian Police, Castrellon, who studied architecture, drew the Congress building plans that were used as reference material for the occupation of the Legislative Palace scheduled for 22 December.

The purpose of that operation was to take as hostages Congress President Martha Chavez and other legislators and swap them for "emerretista" leaders, as they are known in Peru, who have been serving sentences behind bars since 1992.

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The Panamanian Embassy spokesman also said that Castrellon has not been subjected to any kind of ill treatment, and that "his human rights are being fully respected."

Lori Berenson's confessions were revealed by her Peruvian lawyer, Grimaldo Achahui, who said she admitted knowing Miguel Rincon and having knowledge about his subversive activities. She also admitted having rented the two houses where several terrorists were arrested.

In one of those houses, in the elegant La Molina neighborhood (in Lima), Rincon and 20 other MRTA members surrendered after resisting security forces for several hours.

In the other, an apartment in San Borja district, where the U.S. citizen lived, the police found military uniforms that were going to be used during the occupation of Congress, as well as photographs and videotapes with MRTA propaganda.

In the meantime, the Peruvian media reported that before arriving in Peru, Berenson and Castrellon, who live together, were also in Ecuador, where they met with the main MRTA leader, Nestor Cerpa Cartolini.

Cerpa, who identified himself as "Carlos," gave them details about who they were to contact upon arrival in Lima, to be able to meet with the MRTA leaders, according to the same source.

Moreover, it was disclosed that the U.S. lawyers who arrived in Lima on 10 December together with Mark Berenson, Lori's father, have not been able to see her because they are not authorized to exercise their profession in Peru.

Neither have they been allowed to see her as visitors because, according to Peruvian law, those arrested for terrorist activities can only receive visits by their next of kin.

In the meantime, the antiterrorist police disclosed that Maximiliano Rojas, a member of one of the MRTA groups that abducts businessmen, was arrested a few days ago. Rojas has been charged with participating in the abduction of businessmen Raul Hiraoka and Antonio Furukawa, who were released after the payment of large ransoms.

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